PUBLIC LIBRARY

FOREIGN AFFAIRS

Vol. 21 JULY 1943 No. 4

THE ROUND WORLD AND THE WINNING OF THE PEACE

By Sir Halford J. Mackinder

I HAVE been asked to carry further some of the themes with which I have dealt in my past writings, in particular to consider whether my strategical concept of a "Heartland" has lost any of its significance under the conditions of modern warfare. In order to set the concept into its context, I must begin with a short account of how it originally came to take shape.

My earliest memory of public affairs goes back to the day in September 1870 when, as a small boy who had just begun attendance at the local grammar school, I took home the news, which I had learned from a telegram affixed to the post office door, that Napoleon III and his whole army had surrendered to the Prussians at Sedan. This came as a shock to Englishmen, who still moved mentally in the wake of Trafalgar and the retreat from Moscow, but the full effect of it was not realized until some years later. Britain's supremacy on the ocean had not yet been challenged, and the only danger she saw at that time to her overseas empire was in the Asiatic position of Russia. During this period the London newspapers were quick to detect evidence of Russian intrigue in every rumor from Constantinople and in every tribal disturbance along the northwest frontier of India. British sea power and Russian land power held the center of the international stage.

Thirty years later, at the turn of the century, von Tirpitz began to build a German high seas fleet. I was busy at this time setting up the teaching of political and historical geography at the universities of Oxford and London, and was noting current events with a teacher's eye for generalization. The German movement meant, I saw, that the nation already possessing the greatest organized land power and occupying the central strategical

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

position in Europe was about to add to itself sea power strong enough to neutralize British sea power. The United States was also rising steadily to the rank of a Great Power. As yet, however, its rise could be measured only in statistical tables; although in my childhood someone had already been impressed with American resourcefulness, for I remember in our schoolroom a picture of the battle between the *Merrimac* and the *Monitor*, the first armored ship and the first turret ship. Thus Germany and the United States came up alongside of Britain and Russia.

The particular events out of which sprang the idea of the Heartland were the British war in South Africa and the Russian war in Manchuria. The South African war ended in 1902, and in the spring of 1904 the Russo-Japanese war was clearly imminent. A paper which I read before the Royal Geographical Society early in the latter year, entitled "The Geographical Pivot of History," was therefore topical, but it had a background of many years of observation and thought.

The contrast presented by the British war against the Boers, fought 6,000 miles away across the ocean, and the war fought by Russia at a comparable distance across the land expanse of Asia, naturally suggested a parallel contrast between Vasco da Gama rounding the Cape of Good Hope on his voyage to the Indies, near the end of the fifteenth century, and the ride of Yermak, the Cossack, at the head of his horsemen, over the Ural range into Siberia early in the sixteenth century. That comparison in turn led to a review of the long succession of raids made by the nomadic tribes of Central Asia, through classical antiquity and the Middle Ages, upon the settled populations of the crescent of subcontinents: peninsular Europe, the Middle East, the Indies, and China proper. My conclusion was that,

> . . . in the present decade we are for the first time in a position to attempt, with some degree of completeness, a correlation between the larger geographical and the larger historical generalizations. For the first time we can perceive something of the real proportion of features and events on the stage of the whole world, and may seek a formula which shall express certain aspects, at any rate, of geographical causation in universal history. If we are fortunate, that formula should have a practical value as setting into perspective some of the competing forces in current international politics.

The word Heartland occurs once in the 1904 paper, but incidentally and as a descriptive and not a technical term. The expressions "pivot area" and "pivot state" were used instead, thus:

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

The oversetting of the balance of power in favor of the pivot state, resulting in its expansion over the marginal lands of Euro-Asia, would permit of the use of vast continental resources for fleet-building, and the empire of the world would then be in sight. This might happen if Germany were to ally herself with Russia.

In conclusion, it may be well expressly to point out that the substitution of some new control of the inland area for that of Russia would not tend to reduce the geographical significance of the pivot position. Were the Chinese, for instance, organized by the Japanese, to overthrow the Russian Empire and conquer its territory, they might constitute the yellow peril to the world's freedom just because they would add an oceanic frontage to the resources of the great continent.

At the end of the First World War, my book, "Democratic Ideals and Reality," was published in London and New York.[1] Clearly the "pivot" label, which had been appropriate for an academic thesis at the beginning of the century, was no longer adequate to the international situation as it emerged from that first great crisis of our world revolution: hence "Ideals," "Realities" and the "Heartland." But the fact that, even when additional criteria were brought to bear, the thesis of 1904 still sufficed as the background for an estimate of the position fifteen years later, gave confidence that the formula sought had been found.

II

We turn now to the main object of the present article — the drafting of an interim estimate of the value of the Heartland concept in a survey of the world preliminary to the coming settlement. It must be understood that I am dealing with strategy, which, of course, is effective in peacetime no less than in wartime. I do not presume to join in the wide-sweeping debates already in progress which look forward over generations to come; I center my thoughts on the years during which the enemy is to be held down while, in the language of Casablanca, his philosophy of war is being killed.

The Heartland is the northern part and the interior of Euro-Asia. It extends from the Arctic coast down to the central deserts, and has as its western limits the broad isthmus between the Baltic and Black Seas. The concept does not admit of precise definition on the map for the reason that it is based on three separate aspects of physical geography which, while reinforcing one another,

[1] A new edition, with text unaltered, was published last year by Henry Holt and Company, New York.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

are not exactly coincident. First of all, we have in this region by far the widest lowland plain on the face of the globe. Secondly, there flow across that plain some great navigable rivers; certain of them go north to the Arctic Sea and are inaccessible from the ocean because it is cumbered with ice, while others flow into inland waters, such as the Caspian, which have no exit to the ocean. Thirdly, there is here a grassland zone which, until within the last century and a half, presented ideal conditions for the development of high mobility by camel and horse-riding nomads. Of the three features mentioned, the river basins are the easiest to present cartographically; the water divide which delimits the whole group of Arctic and "continental" rivers into a single unit does isolate neatly on the map a vast coherent area which is the Heartland according to that particular criterion. The mere exclusion of sea mobility and sea power, however, is a negative if important differential; it was the plain and the grassland belt which offered the positive conditions conducive to the other type of mobility, that proper to the prairie. As for the grassland, it traverses the whole breadth of the plain but does not cover its entire surface. Notwithstanding these apparent discrepancies, the Heartland provides a sufficient physical basis for strategical thinking. To go further and to simplify geography artificially would be misleading.

For our present purpose it is sufficiently accurate to say that the territory of the U.S.S.R. is equivalent to the Heartland, except in one direction. In order to demarcate that exception — a great one — let us draw a direct line, some 5,500 miles long, westward from Bering Strait to Rumania. Three thousand miles from Bering Strait that line will cross the Yenisei River, flowing northward from the borders of Mongolia to the Arctic Ocean. Eastward of that great river lies a generally rugged country of mountains, plateaux and valleys, covered almost from end to end with coniferous forests; this I shall call Lenaland, from its central feature, the great River Lena. This is not included in Heartland Russia. Lenaland Russia has an area of three and three-quarter million square miles, but a population of only some six millions, of whom almost five millions are settled along the transcontinental railroad from Irkutsk to Vladivostok. In the remainder of this territory there are on the average over three square miles for every inhabitant. The rich natural resources — timber, water power and minerals — are as yet practically untouched.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

West of the Yenisei lies what I have described as Heartland Russia, a plain extending 2,500 miles north and south, and 2,500 miles east and west. It contains four and a quarter million square miles and a population of more than 170 millions. The population is increasing at the rate of three millions a year.

The simplest and probably the most effective way of presenting the strategical values of the Russian Heartland is to compare them with those of France. In the case of France, however, the historical background is the First World War while in the case of Russia it is the Second World War.

France, like Russia, is a compact country, as long as it is broad, but not quite so well-rounded as the Heartland and therefore with a rather smaller area in proportion to the length of boundary to be defended. It is encompassed by sea and mountain, except to the northeast. In 1914–18 there were no hostile countries behind the Alps and the Pyrenees, and the fleets of France and her allies dominated the seas. The French and allied armies, deployed across the open northeastern frontier, were therefore well defended on either flank and were secure in the rear. The tragic lowland gateway in the northeast, through which so many armies have surged inward and outward, is 300 miles wide between the Vosges and the North Sea. In 1914, the line of battle, pivoting on the Vosges, wheeled backward to the Marne; and at the end of the war, in 1918, it wheeled forward on the same pivot. Through the four years' interval the elastic front sagged and bent but did not break even in the face of the great German attack in the spring of 1918. Thus, as it proved, there was space within the country sufficient both for defense in depth and for strategical retreat. Unfortunately for France, however, her principal industrial area was in that northeastern sector where the unceasing battle was waged.

Russia repeats in essentials the pattern of France, but on a greater scale and with her open frontier turned westward instead of northeastward. In the present war the Russian army is aligned across that open frontier. In its rear is the vast plain of the Heartland, available for defense in depth and for strategic retreat. Away back, this plain recedes eastward into the natural bulwarks constituted by the "inaccessible" Arctic coast, the Lenaland wilderness behind the Yenisei, and the fringe of mountains from the Altai to the Hindu Kush, backed by the Gobi, Tibetan and Iranian deserts. These three barriers have breadth and sub-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

stance, and far excel in defensive value the coasts and mountains which engird France.

It is true that the Arctic shore is no longer inaccessible in the absolute sense that held until a few years ago. Convoys of merchant ships, assisted by powerful icebreakers and with airplanes reconnoitring ahead for water lanes through the ice pack, have traded to the Obi and Yenisei Rivers, and even to the Lena River; but a hostile invasion across the vast area of circum-polar ice and over the Tundra mosses and Targa forests of Northern Siberia seems almost impossible in the face of Soviet land-based air defense.

To complete the comparison between France and Russia, let us consider the relative scales of some parallel facts. Heartland Russia has four times the population, four times as wide an open frontier, and twenty times the area of France. That open frontier is not disproportionate to the Russian population; and to equal the breadth of the Soviet deployment Germany has had to eke out her more limited manpower by diluting it with less effective troops drawn from her subject countries. In one important respect, however, Russia began her second war with Germany in no better position than France occupied in 1914; as with France, her most developed agriculture and industries lay directly in the path of the invader. The second Five Year Plan would have remedied that situation had the German aggression been delayed a couple of years. Perhaps that was one of Hitler's reasons for breaking his treaty with Stalin in 1941.

The vast potentialities of the Heartland, however, to say nothing of the natural reserves in Lenaland, are strategically well placed. Industries are growing rapidly in such localities as the southern Urals, in the very pivot of the pivot area, and in the rich Kuznetsk coal basin in the lee of the great natural barriers east of the upper Yenisei River. In 1938 Russia produced more of the following foodstuffs than any other country in the world: wheat, barley, oats, rye and sugar beets. More manganese was produced in Russia than in any other country. It was bracketed with the United States in the first place as regards iron, and it stood second place in production of petroleum. As for coal, Mikhaylov makes the statement that the resources of the Kuznetsk and Krasnoyarsk coal basins are each estimated to be capable of supplying the requirements of the whole world for 300 years.[2] The

[2] N. Mikhaylov, "Soviet Geography." London: Methuen, 1937.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

policy of the Soviet Government was to balance imports and exports during the first Five Year Plan. Except in a very few commodities the country is capable of producing everything which it requires.

All things considered, the conclusion is unavoidable that if the Soviet Union emerges from this war as conqueror of Germany, she must rank as the greatest land Power on the globe. Moreover, she will be the Power in the strategically strongest defensive position. The Heartland is the greatest natural fortress on earth. For the first time in history it is manned by a garrison sufficient both in number and quality.

III

I cannot pretend to exhaust the subject of the Heartland, the citadel of land power on the great mainland of the world, in a short article like this. But a few words should be devoted to another concept to balance it.

From Casablanca there came lately the call to destroy the ruling German philosophy. That can be done only by irrigating the German mind with the clean water of a rival philosophy. I assume that for, say, two years from the time the "cease fire" order is given, the Allies will occupy Berlin, try the criminals, fix frontiers on the spot and complete other surgical treatment so that the older generation in Germany which will die impenitent and bitter cannot again misrepresent history to the younger generation. But it would obviously be worse than useless to set alien teachers to work in Germany to inculcate the theory of freedom. Freedom cannot be taught; it can only be given to those who can use it. However, the polluted channel might be swept clear very effectively if it were controlled by strong embankments of power on either hand — land power to the east, in the Heartland, and sea power to the west, in the North Atlantic basin. Face the German mind with an enduring certainty that any war fought by Germany must be a war on two *unshakable* fronts, and the Germans themselves will solve the problem.

For this to happen it will be necessary in the first place that there be effective and lasting coöperation between America, Britain and France, the first for depth of defense, the second as the moated forward stronghold — a Malta on a grander scale — and the third as the defensible bridgehead. The last is no less essential than the other two, because sea power must in the final

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

resort be amphibious if it is to balance land power. In the second place, it is necessary that those three and the fourth conqueror, Russia, be pledged together to coöperate immediately if any breach of the peace is threatened, so that the devil in Germany can never again get its head up and must die by inanition.

Some persons today seem to dream of a global air power which will "liquidate" both fleets and armies. I am impressed, however, by the broad implications of a recent utterance of a practical airman: "Air power depends absolutely on the efficiency of its ground organization." That is too large a subject to discuss within the limits of this paper. It can only be said that no adequate proof has yet been presented that air fighting will not follow the long history of all kinds of warfare by presenting alternations of offensive and defensive tactical superiority, meanwhile effecting few permanent changes in strategical conditions.

I make no pretense to forecasting the future of humanity. What I am concerned with are the conditions under which we set about winning the peace when victory in the war has been achieved. In regard to the pattern of the postwar world, now being studied by many people for the first time, it is important that a line should be carefully drawn between idealistic blueprints and realistic and scholarly maps presenting concepts — political, economic, strategic, and so forth — based on the recognition of obstinate facts.

With that in mind, attention might be drawn to a great feature of global geography: a girdle, as it were, hung around the north polar regions. It begins as the Sahara desert, is followed as one moves eastward by the Arabian, Iranian, Tibetan and Mongolian deserts, and then extends, by way of the wildernesses of Lenaland, Alaska and the Laurentian shield of Canada, to the sub-arid belt of the western United States. That girdle of deserts and wildernesses is a feature of the first importance in global geography. Within it lie two related features of almost equal significance: the Heartland, and the basin of the Midland Ocean (North Atlantic) with its four subsidiaries (Mediterranean, Baltic, Arctic and Caribbean Seas). Outside the girdle is the Great Ocean (Pacific, Indian and South Atlantic) and the lands which drain to it (Asiatic Monsoon lands, Australia, South America and Africa south of the Sahara).

Archimedes said he could lift the world if he could find a fulcrum on which to rest his lever. All the world cannot be lifted

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

back to prosperity at once. The region between the Missouri and the Yenisei, with its great trunk routes for merchant aircraft between Chicago-New York and London-Moscow, and all that the development of them will stand for, must be the first care, for it must be the fulcrum. Wisely the conquering of Japan waits for a while. In due course China will receive capital on a generous scale as a debt of honor, to help in her romantic adventure of building for a quarter of humanity a new civilization, neither quite Eastern nor quite Western. Then the ordering of the Outer World will be relatively easy, with China, the United States and the United Kingdom leading the way, the last two each followed by its trail of a commonwealth of free nations — for though their histories will have been different the result will be similar. But the first enterprise undertaken in economic rebuilding will surely have to be in the area within the desert girdle, lest a whole civilization should deliquesce into chaos. What a pity the alliance, negotiated after Versailles, between the United States, the United Kingdom and France was not implemented! What trouble and sadness that act might have saved!

IV

And now, to complete my picture of the pattern of the round world, let me add, briefly, three concepts to the two already visualized. For the purposes of what I see described in American writings as "Grand Strategy," it is necessary to build broad generalizations in geography no less than in history and economics.

I have described my concept of the Heartland, which I have no hesitation in saying is more valid and useful today than it was either twenty or forty years ago. I have said how it is set in its girdle of broad natural defenses — ice-clad Polar Sea, forested and rugged Lenaland, and Central Asiatic mountain and arid tableland. The girdle is incomplete, however, because of an open gateway, a thousand miles wide, admitting from Peninsular Europe into the interior plain through the broad isthmus between the Baltic and Black Seas. For the first time in all history there is within this vast natural fortress a garrison adequate to deny entry to the German invader. Given that fact, and the defenses to the flanks and rear which I have described, the sheer breadth of the open gateway is an advantage, for it provides the opportunity of defeating the enemy by compelling him to make a broad deployment of his manpower. And upon and beneath the

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Heartland there is a store of rich soil for cultivation and of ores and fuels for extraction, the equal — or thereabouts — of all that lies upon and beneath the United States and the Canadian Dominion.

I have suggested that a current of cleansing counter-philosophy, canalized between unbreachable embankments of power, may sweep the German mind clear of its black magic. Surely no one is going to be mad enough to set foreign teachers to exorcize the evil spirits from the soul of the conquered German nation. Nor, after the first inevitable punitory years, do I have sufficient trust that the conquering democracies will maintain garrisons of the necessary spirit and number *stationed in the vanquished lands;* for there is no use in asking democrats to persist in an attitude contrary to the very spirit and essence of democracy. The cleansing stream might better be released to flow from some regenerate and regenerating *German* source, between the embankments of power I have named, the one within the Heartland and the other within the territories of the three amphibious powers, American, British and French. The two friendly forces facing one another across the flow of the canal would be of equal power and should always be equally ready for necessary action. Then Germany would live continuously under the threat of immediate war on two fronts should she be guilty of any breach of the treaties which prohibited either physical preparation for war or the misleading of youth which is another way of preparation for war. The democratic garrisons in their home countries would be, by force of example, the teachers.

On this proposal follows my second geographical concept, that of the Midland Ocean — the North Atlantic — and its dependent seas and river basins. Without laboring the details of that concept, let me picture it again in its three elements — a bridgehead in France, a moated aerodrome in Britain, and a reserve of trained manpower, agriculture and industries in the eastern United States and Canada. So far as war-potential goes, both the United States and Canada are Atlantic countries, and since instant land-warfare is in view, both the bridgehead and the moated aerodrome are essential to amphibious power.

The three remaining concepts I shall do little more than sketch, and only for the sake of globular completeness and balance. Girdling the twin unit just described — Heartland and the basin of the Midland Ocean — there appears on the globe the mantle of vacancies, constituting a practically continuous land-space

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

covering some twelve million square miles — that is, about a quarter of all the land on the globe. Upon this vast area there lives today a total population of less than thirty millions, or, say, one-seventieth of the population of the globe. Airplanes will, of course, fly along many routes over this girdle of wilderness; and through it will be driven trunk motor roads. But for long to come it will break social continuity between the major communities of mankind on the globe.[3]

The fourth of my concepts embraces on either side of the South Atlantic the tropical rain-forests of South America and Africa. If these were subdued to agriculture and inhabited with the present density of tropical Java, they might sustain a thousand million people, always provided that medicine had rendered the tropics as productive of human energy as the temperate zones.

Fifthly, and lastly, a thousand million people of ancient oriental civilization inhabit the Monsoon lands of India and China. They must grow to prosperity in the same years in which Germany and Japan are being tamed to civilization. They will then balance that other thousand million who live between the Missouri and the Yenisei. A balanced globe of human beings. And happy, because balanced and thus free.

[3] Some day, incidentally, when coal and oil are exhausted, the Sahara may become the trap for capturing direct power from the Sun.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

AMERICA AT WAR

December 1942—May 1943

By Hanson W. Baldwin

THE history of the last six months of conflict has been, in general, a history of Allied success. The victories have been indecisive and preliminary, it is true, but they have been victories nevertheless. And Tunisia and Attu will stand with the Russian winter campaign in the Don bend and the Ukraine and with the continuing air attacks upon Germany as representative of the first important *offensive* victories yet achieved by the United Nations in this war. The strategic initiative has passed to Allied hands; we have reduced important enemy outpost positions; and we now are ready to prepare an assault upon the enemy's "main line of resistance." The hardest battles are yet to come, but the indispensable preliminary victories have been won.

The American part in the defense of Stalingrad and the subsequent transformation of the Russian retreat into a Russian advance is illustrative of the little publicized but important aid which the United States is giving to its Allies in all quarters of the world. That aid is moral and material. The enthusiastic moral support of the American people unquestionably was a factor in the dark days of the late summer and fall of 1942, when the deep German drive into Russia must have sorely tried not alone the confidence of the Red Army and the Russian people, but more particularly the resolution of the Russian leaders. The material aid furnished by the United States also was — and continues to be — a not inconsiderable factor in the Russian victories. American planes, some of them probably flown to Russia, American motor vehicles by the thousand, American food, American raw materials, and many, many items of American industrial and military equipment helped to keep Russia fighting and aided her in preparing during the spring of 1943 for the summer resumption of large-scale operations.

A more direct and obvious American contribution toward victory, however, was our intervention in North Africa in November 1942, and our participation in the six months of Tunisian fighting which led to the eventual expulsion of all Axis forces from Africa. The moment the American troops landed in Morocco and

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Algeria the small forces of the Axis armistice commission in Tunisia were hastily augmented by air and sea from Sicily, and there ensued a race for the great strategic prizes of Tunis and Bizerte. It was a race which we lost last December — but only by about 48 hours.

None of our initial landings in North Africa was east of Algiers. We did not attack Tunis and Bizerte directly from the sea because Axis airpower based nearby in Sicily and Sardinia was a menace to our shipping and because we were forced to utilize some of our troops to guard against any danger to our flank coming from the Spanish frontier in Morocco. There was not enough shipping, moreover, to transport troops to Tunisia as well as to Algeria and Morocco. The plan, therefore, called for initial landings around Algiers and Oran and in Morocco. American troops were to spearhead these landings and almost all of those troops were then to be assembled in areas not far from the Spanish frontier. Their chief responsibility was to nullify the potential threat represented by some 140,000 Spanish troops in Spanish Morocco. British troops of the First Army, under Lieutenant-General Kenneth A. N. Anderson, were to follow our first waves ashore in Algeria, consolidate rapidly, and push eastward overland toward Tunisia. This they did. At the same time other British units, some in coasters and small craft, braved Axis air attacks and landed further to the east, in the harbors of Phillipeville and Bone.

French resistance, however, collapsed more quickly than we had expected, hastened materially by the much-criticized agreement which General Dwight D. Eisenhower, the American Commander-in-Chief of Allied Operations, reached with Admiral François Darlan, who happened to be in Algiers at the moment our operations began. This put us well ahead of our time schedule. As the Allied high command expected the French to fight longer, they had not scheduled the ships bearing the second and third waves of British troops to arrive from England until some days after, as things turned out, they were actually needed in Tunisia. Moreover, the Germans reacted rapidly and with typical efficiency to our landings. Profiting by their shorter lines of communication and "interior position" they commenced at once to build up a strong force in Tunisia.

The situation obviously called for heroic measures, and General Eisenhower took them. He accepted the German challenge to a race in moving reinforcements and supplies, with Tunis and

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Bizerte as the prizes. He rushed eastward to Tunisia all troops of whatever nationality or tactical complexion that could possibly be spared from mounting guard opposite the Spanish Moroccan mountains. Those immediately available were chiefly American. In most cases they were composed of small or incomplete tactical units, not complete divisions. This action of General Eisenhower's resulted in scattering many small American units along the slowly forming Tunisian front under the British field commander, General Anderson. General Eisenhower has been much criticized for not insisting upon the Pershing doctrine of maintaining the integrity of American tactical units and proceeding to the formation of an American Army. However, he did the only possible thing that could have been done under the circumstances; and he almost won his gamble.

In November and December, French North African troops, part of the British First Army, including artillery units and infantry of the Guards' Brigade, and American artillery and armored units of the First Infantry and First Armored Divisions, jabbed and pushed eastward toward Tunis and Bizerte. They attacked and were counter-attacked by an enemy who meanwhile was rapidly increasing in strength. In their struggle, despite initial air inferiority, terrible supply problems, and the heaviest rains in many years, they almost succeeded in beating the Germans to the prize. But not quite.

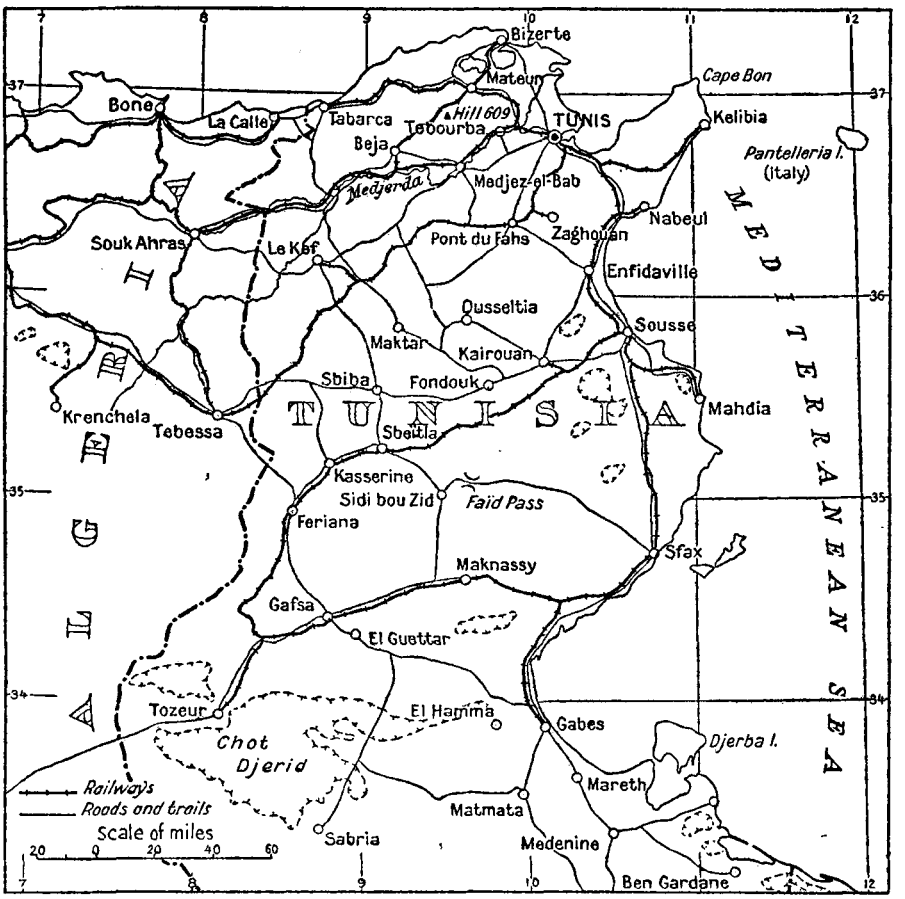
By the end of the third week in December it was evident that the Germans had won the supply and reënforcement race and that we were in for a long campaign in Tunisia. Contrary to our hopes, we were not to get Tunis and Bizerte by Christmas. Today it is also evident — with the benefit of after knowledge — that if the French troops of the Algerian and Tunisian divisions had not fought actively on our side in those early days the entire complexion of the campaign would have been altered and the battle line might have been stabilized in Algeria rather than in Tunisia. The contributions of the Fighting French, especially the desert force under Brigadier-General Le Clerc, were also important in the final victory.

II

The failure of the first dash for Tunis and Bizerte ended the first phase of the Tunisian campaign. The second phase consisted of a series of jabs and counter-jabs in which the enemy counted

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

some localized successes. During January and February our troops struggled in execrable conditions to solve the supply and reënforcement problems imposed by 550 miles of winding roads, by airfields bogged in mud, by inadequate ports and railroads. We also made a few local attacks, chiefly against terrain objectives; and the enemy commenced the series of jabs intended to keep us off balance. Further east, Field Marshal Erwin Rommel's



forces were continuing their retreat from the great defeat at El Alamein.

During this period, General Anderson continued in active field command of all troops — American, British and French — at the fighting front. American troops still fought not as divisions but in scattered tactical units, many of them attached to British or French units and some of them handicapped by lack of their

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

supply services. The front was inchoate and tenuous. There can be no doubt that during this period many of the errors committed by American soldiers were enforced upon them by this dispersion of their forces and the breaking up of tactical units into smaller elements. Many of the defeats suffered by elements of the British First Army, the French Nineteenth Corps and the American Second Corps were defeats in detail. We were dispersed, both on the ground and in the air; the enemy was concentrated.

In January, February and early March the Nazis struck a series of blows. They struck in the north at the British First Army; in the Ousseltia Valley, where the French were holding the line; at Faïd Pass and Kasserine against our Second Corps; and in the south against the British Eighth Army, then moving into position against the Mareth Line. Some American units participated in the fighting in the north, and American armor and artillery did a creditable job in the Ousseltia Valley.

The German drive through Faïd Pass, held by the French, was the most destructive. It carried on through Sbeïtla to Kasserine, overran several American battalions, cost us about half the tank strength of the First Armored Division and heavy casualties, and threatened for a time the entire American position and the flank of the British First Army. At that time elements of only two American divisions — the First Armored and the First Infantry — were at the front, but the emergency created by the German break-through was so real that the artillery of the Ninth Division made a forced march of 770 miles in three days and the Ninth and Thirty-Fourth Infantry Divisions were ordered to the front from their bivouacs in the vicinity of Oran and the Spanish border. As American and British strength was massed to meet the German attack, the Nazis shifted their forces to the south toward the Eighth Army, leaving behind them along the trail of their conquest blown up American gasoline and ammunition dumps, destroyed tanks, dead bodies and blasted homes.

Faïd-Sbeïtla-Kasserine was a considerable American defeat — the heaviest defeat on land that we had suffered since Bataan — and reorganization was badly needed. It was effected while the Nazis were striking, just a few days too late, against the Eighth Army. Precious time had been won by our Kasserine defeat. Lieutenant-General Lloyd R. Fredendall was now replaced in command of the Second American Corps by Lieutenant-General George S. Patton; the Corps was expanded to four divisions; and

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

instead of operating as a part of the British First Army, as it had done previously, it became a separate entity answerable directly to General Sir Harold R. L. G. Alexander, who after the Casablanca conference was placed in active field command of all Allied ground forces in Tunisia. The air forces also were reorganized, and concentration of effort replaced dispersion both in the skies and on the ground.

III

In early March, the reorganized American Second Corps, operating as an entity on lines which extended from Fondouk almost to the salt wastes of the Chot Djerid, commenced an eastward drive. The objective was twofold — to take Gafsa and to accumulate supplies there for the Eighth British Army which was at that time driving north from Medenine; and to create a diversion on the German flank which would force Field Marshal Rommel to use some of his reserves against the Americans instead of enabling him to concentrate all his force against the Eighth Army. We were successful in both objectives. Partly because of this success, the Eighth Army succeeded after a fierce struggle at El Hamma in outflanking the Mareth Line, and the last phase of the Tunisian campaign opened.

As the Germans retreated from the Oued el Akarit position to take up siege lines in the north, the American Thirty-Fourth Division, with British units, attempted to smash through Fondouk toward Kairouan to cut off the Nazi retreat. American units failed, however, to take an important hill. We were just too late.

As the ring around the trapped Germans became tighter, the American Second Corps was shifted from its position in the south to the Beja area in the north, formerly held by the British First Army. This shift was undoubtedly the concept of General Eisenhower, who considerably influenced the strategy of the campaign even though not exercising the actual field command. The march northward of the Second Corps cut squarely across the lines of communication of the British First Army and the French Nineteenth Corps, and the march schedules and convoy routes had to be nicely calculated to prevent confusion. When the American Second Corps made its reappearance in the battle front near Beja it was commanded by Major-General Omar Bradley. General Patton had been appointed for the Gafsa operation, and after it had been completed he was relieved for other duties.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

It was in this last phase of the campaign that the American Second Corps showed to greatest advantage; our men had become veterans and had learned from their previous mistakes. East of Beja they commenced the long hard drive over the hilly regions of Northern Tunisia that led to victory. It was a drive of many battles; but perhaps the name that will linger longest in American memory is Hill 609, a dominating feature of the terrain and the key to the important communication center of Mateur. When Hill 609 fell to the dash and courage of American arms Mateur was doomed, and soon after it Bizerte. At almost the same time that Americans entered Bizerte, the British entered Tunis after a smashing break-through in the Medjerda Valley, prepared by concentrated artillery fire and bombing.

In this final drive the main effort was British, as indeed was the case throughout the campaign. The principal force in these operations was the British First Army, heavily reënforced by units shifted from the Eighth Army. General Dietloff von Arnim, who had taken over the entire command of the Axis troops in North Africa from Field Marshal Rommel after the Mareth battle, was completely out-guessed and out-manœuvred in the final struggle. And the British break-through to Tunis, surprising in its speed, trapped thousands of Nazis in the pocket between Bizerte and Tunis and really put an end to effectual resistance. Isolated fighting continued for some days, but the Tunisian campaign ended on May 13, about six months from its start.

The Second Corps alone captured more than 25,000 Germans when the collapse came. And in the entire campaign, the Allied forces captured 267,000 Axis soldiers, killed about 30,000 and wounded 27,000. The strategic results were also major. The threat to Suez and the Middle East has been relieved permanently (barring a complete German victory in Russia, something that became less and less likely with the passage of time). The Axis had been completely eliminated from Africa, and the Mediterranean had been opened, though precariously, to merchant convoys. North Africa had become a springboard for attacks upon the fortress of Europe.

The costs were not small. American casualties for the campaign as a whole, including the initial landings in North Africa, numbered 2,184 killed, 9,437 wounded and 6,937 missing and prisoners, a total of 18,558. This was a fairly heavy figure in proportion to the number of troops involved. The campaign showed

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

many weaknesses in our green Army, among which faulty leadership, a lack of mental toughness and inadequate training were the worst. Our four divisions became veterans in the heat of conflict, but the cost was high. Our air forces also learned through mistakes. Initially the air support in Tunisia was not effective, but after the reorganization of February 18 our air superiority was never in question. Our planes — all of the bombers, and among the fighters the Lockheed Lightning particularly — did yeoman's service under a combined Anglo-American command in which Lieutenant-General Carl A. Spaatz held the important post of commander of the Northwest African Air Forces and Major-General "Jimmy" Doolittle commanded the Strategic Air Force.

The command set-up for the operation as a whole was somewhat cumbersome. A witticism heard in Algiers was to the effect that "never in the history of human conflict have so few been commanded by so many." Political, economic and psychological problems all intervened to complicate the military ones. Nevertheless, General Eisenhower handled many diverse elements in a capable fashion and welded them into a combat team.

Such, briefly, is the story of how Africa was cleared of the Axis in the spring of 1943. As these lines were written, American air power based on African bases was hammering with increasing intensity at Italy proper, at Sicily and at the Axis-held Mediterranean islands of Sardinia, Pantelleria and Lampedusa. One raid on Palermo was made by 400 planes — the greatest single American air effort, so far, of the war. Plainly we were preparing for the next step in the Churchillian concept of Mediterranean strategy, a move against one or more of the Mediterranean islands.

IV

However, the American air effort of the past six months was by no means confined to the Mediterranean. The troops and planes that fought in North Africa were drawn in considerable measure from Britain, and in consequence the American land strength in Britain and the strength of the Eighth United States Army Air Force there was considerably reduced from what it had been early in the autumn. This transfer of strength to the Mediterranean weakened and postponed our air attacks upon Germany. But by spring the strength of the Eighth Air Force had again been built

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

up, and at the time of writing it was larger than it had ever been and was still growing rapidly.

In May 1943, in fact, Britain was primarily a base for air power, though American land forces were also stationed there. And it was through the air that the most damaging American blows against Germany had been delivered. The airship chiefly concerned has been the Boeing "Flying Fortress," a bomber bristling with thirteen .50 caliber machine guns and so well defended that it has been described as the "best fighter" we have. These bombers, supplemented by B-24 Consolidated Liberators, and recently by American medium bombers, have been carrying the terrible meaning of daylight bombing to the Reich and to areas of German-occupied Europe. They have been supported by American Republic Thunderbolt fighters, a heavy but fast high-altitude ship, which, however, had not been in action sufficiently to date to warrant a judgment as to its relative ranking in the list of the world's war planes.

The American bombing program dovetailed into the British scheme of night bombardment; it was complementary to it, not competitive with it. The daylight raids made precision attacks against specific targets possible, and also resulted in heavy losses to German fighter squadrons which unwisely challenged the guns of the "Forts." Results were both tangible and intangible. Obvious effects were noted upon German transportation, particularly railroads, and upon German production, particularly of aircraft. Less obvious effects upon morale, and the available supply of man hours, were also reported. American participation in the strategic bombardment of Germany was still being reckoned in raids of three figures in May 1943, and was numerically speaking less than one-fifth of the British effort (and in weight of bombs dropped, much less than that).

But our air strength has been growing rapidly, and before the year's end it is likely that raids on a scale as yet scarcely dreamed of will rock the Reich to its foundations. Slow though the development of our air power in Britain has been, it must be remembered that there were several pertinent reasons for this, chief among them the fact that we contributed the major share of the air force in North Africa.

The German submarine campaign continues to be the instrument on which Hitler pins his hopes of paralyzing the development of American overseas military strength. As is usual in

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

submarine warfare, ship sinkings in recent months have shown periodic and sometimes violent fluctuations. Thus in November the losses were high; the curve of losses showed a steady decline until March 1943; and then it rose again. At the time of writing, ship sinkings have been again reduced. The total ship losses for the calendar year of 1942 totalled, according to a Navy Department announcement, slightly more than our ship construction. Not all of these losses were caused by submarines, however; some were due to air attack, some to stranding, collision and other causes.

The Nazis apparently considerably increased the numbers of their submarines in commission during the early months of 1943. However, our successful B-17 air raid upon the submarine shipbuilding yards of Vegesack in March 1943 did real damage, and we sank more submarines in the early months of the year than in previous comparable periods of the war. In one month, for example, the total believed sunk almost reached the estimated German output of twenty submarines a month. Destroyer escort vessels by the score commenced to flow from our shipyards in May; more planes with radar equipment became available for patrol duty; and escort carriers were assigned to convoys. Ship sinkings on the direct convoy route to North Africa never were large. As more and more escort vessels became available, sinkings decreased on other routes, and the eventual opening of the Mediterranean seems certain to simplify our shipping problems still further.

Meanwhile, merchant shipping was coming from our shipyards in tremendous volume. The merchant tonnage produced in American yards in 1943 will be more than six times as much as that produced in all the shipyards of the world in 1938. Today the United States already has more ships on hand, due chiefly to phenomenal production rates, than it had at the time of Pearl Harbor.

The submarine will continue to be a menace to our overseas power until the war ends. The encouraging factors noted above, however, offer real grounds for hope that the back of the German submarine campaign has been broken.

V

Since last November a condition of virtual stalemate has prevailed in the Pacific theater.[1] The great naval-air battles of that

[1] *Editor's Note:* See "America at War: The First Year," by Hanson W. Baldwin, in FOREIGN

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

month secured our hold upon Guadalcanal; and in New Guinea, at about the same time, the Japanese hold upon Buna and Gona was broken after desperate fighting. Since then, there has been much raiding, skirmishing and some mopping up operations, but no serious offensive by either side.

Following our sea victories of November, the United States replaced and reënforced the war-weary Marines in Guadalcanal with Army troops and in February 1943 mopped up all but a few bands of what remained of the Japanese garrisons on the island. This was followed in the same month by our occupation of the Russell Island group, some thirty miles north of Guadalcanal in the Solomons; and throughout the first half of 1943 we used these bases, plus our newly-won footholds in New Guinea, to bomb and harass Japanese ship and troop concentrations and Japanese bases. Rabaul was a particular target. In March our fliers under General Douglas MacArthur attacked and claimed to have destroyed an enemy convoy of 22 ships in the Bismarck Sea.[2]

The winter lull in the North Pacific was broken on May 11 when an American amphibious force landed on the island of Attu in the Outer Aleutians and in a two-weeks' campaign broke the grip of the Japanese on the island. Mopping up is still in progress at the time of writing, but the bulk of the Japanese defenders have been encircled and isolated on the Chichagof peninsula. Thus the elimination of another Japanese outpost has been accomplished, and Kiska is plainly on the schedule for the future.

In China, meanwhile, the strengthened air force of Major-General Claire L. Chennault has continued to worry the Japanese overlords of conquered China and to shoot down many Japanese planes. American fliers have also supported abortive British land operations in India-Burma.

The picture of stalemate thus presented in the Far Eastern theater has now, however, become deceptive. Both sides are without doubt building up their strength and are preparing for future large-scale operations. The President revealed in May that the larger part of the American Navy and the larger part of our ground forces overseas were in the Pacific. A swelling tide of

---

AFFAIRS, January 1943. For preceding articles in this series by Mr. Baldwin see "America at War: Three Bad Months," FOREIGN AFFAIRS, April 1942, and "America at War: The Second Quarter," FOREIGN AFFAIRS, July 1942.

[2] There is some doubt as to the accuracy of these claims. Possibly all or nearly all of the convoy was destroyed, but perhaps it was not so large as was publicly reported.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

PUBLIC LIBRARY

American public opinion favorable to action in that theater will undoubtedly expedite plans for our future offensives there.

VI

The victories of the past six months have undoubtedly changed the complexion of the war. There is no room, however, for complacency or slackness. We defeated only 15 Axis divisions in Tunisia; there are some 180 German divisions in Russia alone. The enemy is still tough, hard and relentless, and he undoubtedly will be prepared to take advantage of our mistakes. We are still making mistakes. They still hamper us in the proper conduct of the war almost as much as the action of the enemy.

No adequate organization of the United Nations for the planning of war strategy and the execution of those plans has yet been evolved. As these lines are written, there still is no evidence that a broad overall strategic plan for achieving victory has yet been drawn up. The very fact that a prolonged conference between Mr. Churchill and President Roosevelt had to be held in Washington in May constituted tacit admission that at this late date in the war there still was either disagreement or uncertainty about future moves. This does not indicate perfected coördination of planning. Absolute agreement among the Allies is the necessary preliminary to the swift and certain action that alone can give victory.

That agreement, however, must not originate in American weakness. We must have not only a military strategy of victory but also a political strategy for the peace. The United States must develop, advance and firmly support its point of view in both the strategic and the political domain. Only thus can it attain the full stature in world affairs which is necessary if the peace is to be real and lasting.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

YOUNG BRITAIN

By Barbara Ward

A VERY large part of the young people in Britain are in the armed forces. They are discouraged from writing to the newspapers or speech-making. They cannot vote in by-elections. They cannot take part in organized political work, except to stand as candidates for election. They are cut off from ordinary contacts and ordinary responsibilities by a life of strong discipline, much hard and usually unfamiliar work, interspersed with periods of very great boredom. The regular surveys of public opinion — official and private — are concentrated on the civilians. All these factors would make it difficult to be definite about youthful British opinion in the forces — which is the majority of youthful British opinion — were it not for certain changes in army education introduced in this war, changes which are designed to encourage free discussion and the formation of opinion among the soldiers.

The establishment of the Army Bureau of Current Affairs, known everywhere as ABCA, was a revolutionary step in army education. During work hours — not, therefore, as an extra activity — the soldiers are brought together in groups of 30 to 40 to discuss current problems under the chairmanship of a platoon commander, officer or N.C.O. In the two years of its existence, ABCA has managed to establish two facts of procedure — that the group leader guides but does not instruct, and that the men are perfectly free to discuss anything they wish in the course of the meeting. The bulletins, notes, wall-maps and literature supplied by ABCA are all intended to assist, not supplant, discussion and the formation of independent opinion.

The experience of ABCA makes it possible to speak with some certainty of young opinion in the army. Unfortunately the experiment has not so far been extended to the R.A.F., although the ground staffs badly need a similar discipline. Nor has it reached the Navy. Here, the chief guide to opinion is the uncoördinated experience of various Service lecturers. This obviously is more unsatisfactory, since it is the lecturers not the men who do most of the talking. Nevertheless the experience of these lecturers does not differ very much from that of ABCA, save for their report that the highest percentage of boredom and frustra-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

tion — called "browned-off-ness" — in all three Services is found among the R.A.F. ground staffs where the inevitable gulf fixed between the flying and non-flying personnel is a permanent source of dissatisfaction; and that the standard of intelligence in the Navy is remarkably high, particularly among the technicians.

The young people working outside the forces are covered by a number of opinion-sampling operations. The British Institute of Public Opinion uses the same methods as those of the Gallup Survey. Mass Observation undertakes specialized research — for an example, see its report last year on opinion in war industry. In some ways, these surveys are not such good guides as the experience of ABCA, for a direct answer to a question gives much less idea of a man's state of mind than the way in which he joins in a discussion. The British Institute of Public Opinion gives its summaries according to age-groups; and on a number of important questions — for example, the establishment of a United Nations council or the efficiency of Britain's war administration — a surprisingly large number of the 21 to 29 age group, about 30 percent, had no opinion at all. Possibly they had opinions but could not fit them into the frame of the question asked. This is one of the disadvantages of the sampling method.

Apart from the direct evidence of those whose job it is to collect information about public opinion, any intelligent observer can pick up a great deal of suggestive material simply by listening and looking and reading and talking. Changes of policy in newspapers obviously dictated by popular opinion are a good guide. So are changes of outlook in public men — both politicians and soldiers — which are traceable to changed opinions among the people with whom they are in contact. The kind of books that get written and published; the questions put to the "Brains Trust" (the popular British version of "Information Please"), the answers given, and the relative success of different Brains Trust performers; the most popular talks over the radio; the most popular films of the documentary type — all these indicate the movements and shifts in public opinion.

Obviously there are gaps and inadequacies in all the ways of collecting evidence on the state of young opinion in Britain. The remarkable fact is the unanimity revealed in all the reports, coming from whatever source. Young opinion in Britain is radical. Young people in Britain want change. They see that the times are revolutionary. They think Britain has fallen behind. They want

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

reform and progress. They want things to be different. They are frightened at the idea of another twenty years of appeasement, and when they think it may be inevitable they grow cynical and violent. They are in the same measure eager and responsive if something — the Beveridge Report, the victories in Libya — suggests that there are, after all, new and exciting horizons ahead. There is no mistaking the mood: radicalism is the only word for it.

II

I use the term "radical" deliberately. "Left" and "Leftism" in Britain suggest an ideological approach connected with the popular Marxism of the London School of Economics and the great publishing house of Gollancz. It is true that the dominant trends of young radical opinion are to the Left, but it is all very unideological. The traditional British distrust of thinking is probably not as great as some foreign observers would make out, but the thinking most easily takes practical forms and, in any case, the education of the great mass of the people does not leave them with much aptitude for abstract thinking about dialectics and economic determinism of states that wither away. Most ABCA officials are emphatic that the men are not Communist. Only a very small minority have active faith in any political party and probably a considerable percentage of these (Mass Observation puts it as high as 50 percent) are Communists. But in spite of the great advantages for propaganda which Communists enjoy due to Russia's resistance and the universal desire for a Second Front, the number of Communists has increased very little and their influence is still overshadowed by the memory of their antics in 1940 when, during Dunkirk and the Battle of Britain, they were for "a People's Peace" with Hitler.

The new radicalism is not radicalism drawn from textbooks. It is radicalism drawn from the experience of the war. Broadly speaking, it is concentrated on two points: the problem of living standards and the problem of democratic control. Looking back on the years before the war, even quite young people remember unemployment, blind-alley jobs, distressed areas, undernourishment, especially in the under-five age group, and simultaneously farms being left derelict, hogs "plowed under" and coffee and wheat burnt. They remember, too, the feeling of deepening frustration from 1935 onwards when the appeasement group ran the government under Neville Chamberlain, whom the public had

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

not chosen as leader — he at no time "stood for" Prime Minister at a general election — and whom they grew heartily to dislike. This sense of living in a system they could not control was only increased by a series of arbitrary industrial decisions — for example, "to leave Jarrow to rot" — taken by anonymous interests who, as far as people could make out, owed no account of their stewardship to anybody.

Given these two strong points of interest, it is easy to see why the war has had such a radical effect on young people's minds. The standard of living of thousands of families is better, in spite of restrictions and blackout and harder work. The boys going home on leave find better food and brighter faces in their fully employed family circle. The young workers in the war industries have better wages and steadier work than many of them could have hoped for without a war. Steadiness and universality of employment, everybody with jobs, shipyards busy after years of decay, every productive unit producing more than ever before, new factories going up — all this can be done in war. Why can't it be done in peace? The ordinary citizen knows that a good steady job is the best guarantee of his living standard. If the Government can see he has one in wartime by spending so much money on guns, what is wrong with spending some of it in peacetime too? The better wartime standard is due, too, to rationing, cheap food, controlled prices, utility goods. It seems just common sense to carry on with the milk schemes and the guaranteed prices after the war. The Ministry of Food is unquestionably the most popular Ministry. People have seen that better sharing *can* be brought about by the State. Why not in the future too?

On the side of control, the ordinary citizen has seen the State in a couple of years gear up Britain's economy to an all-out war effort. An easily comprehensible aim — the biggest output possible to win the war — has taken the place of the obscurities of financial control three and four times removed. Efficiency, a word with almost magical associations to young people just now, is the test of the work both of workers and managers. A management which the Government finds inefficient can be turned out, as happened when the Minister of Aircraft Production ousted that of Short Brothers. This is control in an obvious and comprehensible form. There are other forms. For example, wherever Joint Production Committees have been set up and are working successfully the workers feel they are helping to control the

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

process of which they are a part. The J.P.C.'s are new just because they deal with production. The men are being called in to discuss not the conditions under which they will work — wages, welfare — but the work itself.

These are only a few instances of the revolution which must go on in the mind of a boy back on leave at Gateshead who sees the shipyards busy with riveters and welders where grass grew a few years back, and of the man in the mine who finds he can get more cheese than the man in the boardroom, because need, not purchasing power, decides his ration. When the future of Britain and of the world can be saved by a group of lads in Spitfires, and when people's homes are blown up in the night and little Johnnie next door turns out to be a hero and gets the George Cross for unexampled bravery, it is not ideology at work. It is experience. And it all points in one direction. The conditions of the twenties and the thirties were not inevitable. They were a bad mistake. We can do better, and any interests, vested or otherwise, that try to stand in the way have got to go.

Here the almost universal feeling for efficiency comes in. The old ways were wasteful of wealth and life and capacity and happiness and hope. Young people would like their society to make sense, in the way a really well constructed machine does. They would like it to be manageable. This attitude is developing into something of a cult among a limited group — young civil servants and technicians for whom control or planning is the key to twentieth-century society. The errors and waste of the past are put down to the irrationality of the old social and economic system. The phrase "social engineering" has some popularity. It is the civic side of the "planned economy" in which control is invested in the managers and the technicians. A very small minority, chiefly civil servants, may even have read Burnham's "Managerial Revolution." I mention this small minority opinion not because it is typical of young people generally but because there are signs of its taking the place of the Marxism which dominated young progressive thinking in the thirties. It has a lot of the same rationalism and dogmatism but rejects the historical analysis, is interested in control not property, has no use for the proletariat which it believes to be disappearing anyway and is shy of many forms of representative control on the grounds that "only the expert can know."

It is hard to say how much appeal this emergent philosophy of

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

managerialism could have for the ordinary run of young people. They would approve its desire for efficiency, and for getting things done, its ideal of production for use, its insistence on science; but here the rather perplexing character of Britain's wartime radicalism comes in. As I have suggested, it is a very empirical radicalism, based to a large extent on wartime experience. Nothing in this experience has taught ordinary men and women to feel more kindly towards intellectuals or bureaucrats or "nosey-parkers," those earnest people who might try a spot of social engineering in someone else's back parlor. ABCA officials are insistent on the extent of conservative currents in the Army, intertwined and not at all inconsistent with the radicalism. There are a great many things the soldier wants to get back to as well as away from. He does not mind the idea of a planned economy, but this emphatically does not include the idea that they will plan *him*. The idea that the cure of unemployment will entail some sort of "direction" to new kinds of work is worrying a lot of workers. Again, in the sphere of education, he wants his children to have a fair start but is very strongly against having them sent off to State boarding schools. A majority of women war workers want to get back to their own homes. Opinions about communal feeding are very mixed. A lot are against it because "it might break up the family." There is, indeed, a lively and, among the soldiers, nostalgic desire for family life. In a recent survey of housing needs, a vast majority were emphatically against flats and wanted detached houses and cottages with a bit of garden. Extreme Conservatives (who have recently set up two new propaganda organizations, "The Society of Individualists" and "The National League of Freedom") are using the average citizen's distrust of bureaucracy and control in order to make the postwar world safe for their own kind of control. The point is that there exists a feeling against interference which they can hope to exploit. We must take it into account in assessing Britain's radicalism.

III

One of the remarkable facts about the mood of the younger generation inside and outside the armed forces is the similarity of the reforms they want and the degree to which their program seems to be that of the country as a whole. It is a very long time since Britain was so much of one mind. Discussions, reports,

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

letters, articles all tell the same story. Ask any moderately progressive Briton, young or old, to list the reforms he would like to see incorporated in a Four Year Peace Plan (or Five or Ten) and the lists would in the main be interchangeable. Even Mr. Churchill has been drawn into the nation's most popular pursuit — peace planning — in spite of his vigorous preference for concentrating entirely on the war. The young people's list is longer than Mr. Churchill's, but it covers all his ground. A large part of it is concerned, as I said before, with living standards. As a term in general use, Social Security was almost unknown before the war. Now it is the accepted way of describing the first priority of reconstruction. This priority point is important. Everybody in Britain has been made very conscious of priorities during the war. The country's stock of raw materials has rapidly been drained away from consumer goods — the refrigerators, the prams, the cheap cars — and poured out into tanks and shells and aircraft. People have learnt through salvage campaigns and savings weeks to see that there is a question of choice, that you cannot have all the tanks and all the cheap cars you want, and that on the priority list tanks come first and cars way down.

This kind of thinking in terms of choice and priorities is gradually being extended to cover postwar economics. Are there priorities for peace? Is a decent standard of living for everyone further up the list of national priorities than luxuries for a small group of people? If so, what techniques of control or allocation or rationing are needed to secure a decent standard, a "National Minimum," for all? It is this priority point that the Government missed completely in the Beveridge debate. People — particularly young people — did not want to be told whether or not they could afford it. They were not impressed when the Chancellor listed all the other future burdens on the budget — housing, debt, armaments. They knew that the list of national necessities would be long. What the Beveridge Report seemed to give them was the assurance that the National Minimum — Social Security — would be at the top, not the bottom of the list, that it would stand in the same relation to the peace effort as tanks and fighters to the war. It was not enough for the Government to accept 75 percent of the Report. The people wanted its place fixed on the reconstruction priority list. Hence the insistence on the importance of the time factor and the agitation still going on for the setting up *now* of a Ministry of Social Security.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

PUBLIC LIBRARY
PANAMA, ILLINOIS

Actually, the Beveridge plan is seen to be only one side of the National Minimum, which is to guarantee that no citizen shall, through accident or ill health, unemployment or bereavement, fall below a financial minimum. It has become a symbol not because it is complete but because it is concrete and is felt to be a test of sincerity. Since the Beveridge debate, all independent (mainly of the new Common Wealth Party) candidates in by-elections have campaigned for the full plan *now*. The reception of the plan in ABCA (where, in spite of the army ban on its publication, it was eagerly discussed) showed that the military forces were at least as much interested in its assumptions as in its provisions. Of these, the two which are felt to be most important are the National Health Service and a full employment policy.

The National Health Service is too technical a subject and the eventual establishment of it is too much taken as a matter of course to be the cause of much discussion. Mr. Churchill has promised it. All parties are committed to it and the British Medical Association has produced a scheme with which most progressives are — some to their own surprise — in agreement. The prevention of unemployment is another matter. Nothing casts so dark a shadow over the minds of ordinary people as the possibility that once again after this war demobilization will bring with it mass unemployment. The belief is universal that the Government *can* provide work in peace as in war and that one of its most urgent duties is to do so. Where the argument begins is on the ways and means of a full employment policy and what it will imply in terms of Trade Union privileges, mobility, free choice of job and so on. The Beveridge plan includes provision for retraining after a certain period of unemployment. The Trade Unions are not happy about it. The ordinary man is puzzled. Public opinion surveys report that people in formerly distressed areas are more in favor of drastic control than those in normally prosperous regions. The discussion in the Army has been so intense that ABCA has prepared special discussion notes in which an attempt is made to relate the wartime experience of men and women in learning new jobs and accepting new responsibilities to the kind of world they may face after the war. My impression is that young people so far have not sorted out the cost in terms of restricted choice and a certain amount of "direction" that a full employment policy may entail. So much will depend on the temper of postwar Britain. In a confident and expanding economy

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

people are naturally more adventurous, readier for change. One of the grim reasons which in the prewar world kept workers chained to their own area, however depressed, was the conviction that things would be no better anywhere else.

Perhaps the best way to describe the reaction of young people to the problem of living standards in the postwar world is to give the analogy which Sir William Beveridge himself is trying to popularize. The destruction of the dictators is the aim of the British war effort. The peace effort, too, must be directed against the great common enemies of the British people — the Giants of Want, Disease, Idleness, Ignorance and Squalor. Against Want, the weapons are an expanding economy with good wages and sound insurance; against Disease, a National Health Service and a National Food policy; against Idleness, full employment; against Ignorance, an extended educational system open to all on a strict basis of capacity (no more "old school tie"); against Squalor, a National Housing policy, town and country planning, and national control or even ownership of the land. From one end of Britain to the other, the young people would unanimously accept this as a decent program of living standards.

The focussing of radical opinion on control of the community's economic life does not seem to me to spring from any sense of *reverence for or confidence in the State. In practice, British* people dislike bureaucracy and resent interference. Opinion against compulsory Youth Movements is strong among young people and the thorough propaganda against Nazi methods has very much weakened the uncritical acceptance of the State as a panacea which was characteristic of the Marxism-without-tears of ten years ago. But the desire for public control is very great because a majority of young people feel that only in this way will the nation's economy do what it is supposed to do — produce rising physical living standards. Only in this way, too, will people cease to feel that their lives are being run by irresponsible impersonal forces and interests which hold the substance of power, however much they may permit a façade of democracy.

This point is important and we shall come back to it. Here it is only necessary to sketch in the kind of controls which a very large number of young people seem to be considering.

The over-all control is, of course, the control of investment exercised by the State to secure full employment. Specific industries which ought to come under public control are "nat-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

PUBLIC LIBRARY

ural monopolies" and public utilities: fuel, light and heat, water supplies, transport (civil aviation under international control); monopolies built by business itself; industries of vital concern to public welfare — building (houses and ships), food, armaments, iron and steel. While the area to be controlled is thus very large, the general feeling is against the vesting of the control in government departments and the running of industry through civil servants. The most popular type of institution is the public corporation, the London Passenger Transport Board or Port of London Authority type. Common Wealth, one of whose planks is Common Ownership, favors this type of control, together with the development of municipal enterprise and services on a regional basis. All advocates of this system point out that it leaves the position of managers almost unchanged. Instead of the control of a board of directors responsible very often to remote financial interests totally uninterested in the enterprise which the managers are conducting, they will be controlled by a board publicly appointed and responsible to a public audit.

Naturally, young people are rather vague about the way in which control schemes would work. One of the attractions of the old slogan "public ownership of the means of production and distribution" was its simplicity. The State took everything over, and there you were. The enormous prestige of Russia has not been quite sufficient to counteract the fears created by the Nazi experiment and the experienced irksomeness of wartime controls in Britain. People want a freer and more flexible system than full State control can offer and, as far as one can tell from the various public opinion reports, they favor a mixed economy with some place for private enterprise but a predominance of control through public corporations. There is also quite a lot of feeling in favor of organizing industries as units under a Board representing employers, workers and the State. This syndicalist approach is popular among the keener young trade unionists. Young managers and civil servants view it with alarm as a sort of sanctification of the right to monopoly. Obviously young opinion is still feeling its way. All that is certain is the direction in which it wants to go — towards a large measure of public control.

Perhaps it is Nazi Germany that has rubbed home the lesson that State control can destroy personal freedom and initiative far more effectively than a liberal capitalist system, however "imperialist" and rapacious. When they talk of control, quite a

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

number of young people are thinking not only of State control but of popular control. How do we protect ourselves against the bureaucrats who are supposed to be serving us but may very well make the apparatus of the State their private property? This is a problem which worries the young intellectuals more than the average run of young men and women. It has been crystallized into a phrase coined, I believe, by Stephen Spender, one of Britain's leading young writers, after a lot of experience with youth in the National Fire Service. The phrase is "We and They" — we, the people and they, the government, the boss class, the ruling clique. It epitomizes the drift in democracy towards passive citizenship and the dependence of great masses of people on small active groups in the parties, in business, in local government, in the coöperatives and in the trade unions who do the governing while the rest are content to play follow-my-leader.

There are some signs that this concern is spreading. For example, there is a marked increase in the number of young people in the forces who are saying, "After this war, I am going into politics." Warrant Officer John Loverseed, who was elected at Eddisbury in April as the first Common Wealth candidate, is only 34. Another sign is the interest in Joint Production Committees. In a recent poll, 80 percent of the young people questioned voted for their continuance and extension after the war. The Army Authorities both through ABCA and the ordinary education service are trying to get what is meant by *active* citizenship into the heads of the young men and women in service. It is too soon to say how effective the attempt is likely to be.

IV

If this account of young opinion in Britain seems somewhat confused that is in part at any rate because it reflects the uncertainties that exist in young people's minds. The remarkable thing is not that the outlines are foggy but that on the whole the substance is as clear and unanimous as it is. I think it is safe to say that 80 percent of the young people between 20 and 30 want roughly the same program and that the main points in it have been mentioned above. This unanimity ought to breed confidence and hope. So far, it has not done so. The existence of a uniform body of ideas is at once the most encouraging yet in many ways the least important aspect of young opinion in Britain today. "Between the idea and the reality falls the shadow."

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Young people do not know how they are going to see their idealism translated into practical action.

The first obstacle is enormous ignorance of how the present system works. ABCA officials have been astonished over and over again to find men and women ignorant even of their most ordinary rights as citizens. There is no clear picture of the structure of government or of how the ordinary man can insert himself into it. There is equal ignorance about Factory Acts, town planning legislation, the health services, the civil service, what the Beveridge plan really means (and this although it was a best seller, with 250,000 copies sold in the first days). It is hard for people with education and experience to realize what a brake on action the feeling is that you don't know the ropes, that you are likely to make a fool of yourself and that the whole business is so complicated that you had best keep out.

This bewilderment, of course, feeds the "We — They" feeling. "They" are the know-alls, the people who manipulate the system, the men with educated accents, the trade union official who understands the regulations, the manager who quotes scientific formulæ, the Labor Exchange Official who knows Subsection 2 Paragraph B_3 by heart. Men and women can go through life constantly if subconsciously frustrated by the sense of being run by other people in a world that is somehow unaccountable. This sense develops easily into active hostility to "sinister vested interests." It is particularly strong in the Army, where the completely undifferentiated military life makes the men hyperconscious of discipline and the running of their lives by the "brass hats." When their officers are incompetent, or when reforms of which they read in *Picture Post* or the *Daily Mirror* take months to be put into effect, the sense of frustration and cynicism tends to swamp other more hopeful or coöperative reactions. Again and again in ABCA discussions, the men's attitude is "Oh yes, we want such and such a reform but 'they' will jolly well see we don't get it." "They" is not often analyzed very carefully; but the dominant figure is undoubtedly the boss class in industry. "Vested Interests" — the insurance companies believed to be fighting the Beveridge Report, for example — are an almost universal bogey. The feeling against them sometimes goes so far that even concessions and reforms are dismissed contemptuously as attempts to avoid granting the substance of people's demands by giving them a cheap imitation of it. This

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

mood is obviously harmful, both to morale now and to the prospects of a more dynamic democracy after the war. Cynicism in young people is one of the worst diseases from which a modern society can suffer. Things are better in the Army now than at the beginning of the war. Many young officers have been promoted. But the feeling is still current that the "brass hats" are old for their jobs and that in this they resemble the "gang" that runs industry and the country.

The party leaders, apart from Mr. Churchill and Sir Stafford Cripps, do not stir much interest. It is widely assumed that Mr. Eden would become Prime Minister were anything to end Mr. Churchill's term of office. Sir Stafford's popularity is increasing steadily with young people. His connection as Minister of Aircraft Production with Joint Production Committees has earned him new recognition and wider contacts. Mr. Herbert Morrison's recent cycle of speeches made a strong impression on young people at the manager-civil servant level. But this relative interest in a few eminent figures is no substitute for interest in and readiness to work for a political party. The parties are probably the most discredited sector of British politics. The predominance on the Conservative side of men who are qualified for their seats in Parliament by the fact that they can afford them and of retired Trade Unionists on the side of Labor has alienated most of the young people. They feel they have no chance of getting elected and that if they work to elect the man selected by the party caucus he will not be in touch with young opinion. The party truce and the automatic return to office of members who often are of very ordinary caliber has discredited the party system still further.

This negative and distrustful approach to economic and social institutions is at its most obvious in relation to political parties just because they, the principal weapons in the struggle for a better society, look so inefficient for the purpose; but the feeling, as I have suggested, covers a great many other factors in our national life and it is always very much the same — the feeling of separation, of no confidence, of detachment and indifference. One can see it in the Coöperatives, where about only 2 percent of the members trouble to attend the meetings, and that 2 percent is not young. One can see it in local government, where half the electorate never vote — I believe the Birmingham figure is an average of about 35 percent, and again it is not the young people

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

that take their responsibilities most seriously. One can see it in many empty churches; in many community centers run by the elderly; throughout the field of voluntary service, where the most reliable workers are all too often those trained in another generation to different standards of selflessness and hard work.

V

It seems to me that anyone who is trying to report fairly on the state of young opinion in Britain cannot help taking as the central point in his or her analysis this unhappy cleavage between a keen interest in a better future and cynicism about all the means of obtaining it. It is a dangerous situation for, as far as I can see, there are only three ways in which the irritating and frustrating conflict between the two states of mind can be resolved; and two of those ways are disastrous.

It could be resolved if the dream of better things were to fade. Then apathy could cover ends and means alike. The Britain of Baldwin and Chamberlain was not chafing under bad leadership. The "safety first" of the one and the appeasement of the other represented dominant states of mind among the people. A great majority were prepared to believe that £16 millions spent on the distressed areas over three years was about all we could afford to "cure" unemployment. To a great many, Czechoslovakia was just a country a long way off "about which we know very little." Personally, I find it hard to believe that the upheavals of the war will have so little effect as to bring back that attitude, especially since the new radical temper has sprung from wartime experience itself. It should be as difficult to root out the desire for a better nation as to wipe out the memory of the London blitz. Besides, a desire, however general, to return to the "normalcy" of the twenties and thirties provides no real solution of the state of mind of the young. Even if this generation were to be worn out by over-working and over-fighting, the next generation after them would present the same revolt and the same challenge. Either young people have to find their way back into a society which they feel is theirs and is a going concern or they will remain to be snatched up sooner or later by some form of extremism.

This is the second alternative — that, maintaining their desire for change and continuing in their distrust for all existing institutions, they decide on the violent short-cut of attempted

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

revolution. It is significant that of the small minority in the Army who still profess to have any confidence in a political party about half are supporters of the Communists. This is not because of any widespread extension of Communism. It reflects the fact of a soldier's existence, in which mutiny is the only way of securing a violent change. It often is asked whether there are signs of Fascism in Britain. If the question means — Is there a Fascist party? Is there open Fascist propaganda? Do people call themselves Fascist or even think of themselves as Fascists? — then the answer is emphatically "no." Most people believe they are fighting Fascism and are sufficiently indifferent to sociological analysis to believe that once it is defeated in Germany and Italy it will be finally scotched.

Yet it is true that Britain is still a pre-Fascist society. In other words, it has not yet met the crisis which in other countries produced Fascism. Its form of society is still predominantly that of the nineteenth century. So far, all new twentieth century forms have been totalitarian. The form of twentieth century free society has still to be evolved; and in this sense it is true that Britain could "go Fascist," or rather "go totalitarian," and that an unassuaged sense of revolt and frustration among its young people could be one of the factors driving it towards totalitarian control. Here it does not matter much that the ideals of the young people are progressive. The crucial thing is the spirit in which they would set about securing change. A revolutionary movement, headed by Britain's *Frontkämpfer*, even if it wanted the Beveridge plan for all and government control of heavy industry, would still end as a Fascist movement. I need hardly add that there is absolutely no sign of such a development at present. The only organized extremist party is Communist and it is very, very small indeed.

Fascism is possible, here or in any other liberal democracy. But is it likely? The answer depends on the events of the next years and, in particular, on whether there is any hope of achieving the third way out of the present impasse — the emergence of creative political leadership. The apathy, the unenthusiasm about existing institutions and parties is not an incurable affliction of young people in Britain. It is hardly even their fault. Anybody needs the eye of faith indeed to get excited about our Parliament, 1935-vintage, the 1922 Committee and Transport House. The important thing is the immediate response to any-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

thing more challenging and hopeful — the "so few" in their Spitfires, the gallant army of Civil Defence workers and firemen doing wonders of cool heroism during the blitz, the merchant seamen, the little boats at Dunkirk, the women in the war factories, the keen excited youngsters in the A.T.C. (Air Training Corps for the under-18's), the two million housewives in the Women's Voluntary Service, the Invasion Committees, the Home Guard to which thousands of lads of 16 are devoting most of their spare time after a day's work in a war factory. These people are not naturally apathetic. They are not cynical by choice. After the publication of the Beveridge plan which suggested that, after all, there was a more decent kind of society ahead, people's morale went up with a bound. Particularly in the services, more cheerfulness and more zest were reported from every part of the country.

The young people need so little to recover confidence in democratic society. Will they get it? It is still too soon to say. One can only report the hopeful signs. In recent months, Mr. Herbert Morrison has been growing in stature. Long known as a sound administrator, he has now shown in a series of remarkable speeches that his approach to politics is nearer to the ideals of twentieth century democracy than that expressed by any other statesman today. In his most recent speech, he voiced the opinion of the great majority of the country when he summed up Britain's postwar economic problem in these words:

> A fundamental question . . . is how the community is to get its living — the question of production, the question of the relation between the State and industry. After the war we shall have to solve this problem in all of its three parts — how to get full employment, how to increase the productive efficiency of industry, and how to spread the increased product widely and fairly. To approach these three tremendous questions from the point of view of a preconceived dogma is not right, and also it is no use, because the country will neither understand nor listen. Neither the slogan of all-round nationalization nor the slogan of all-round decontrol (even if one adds the saving clause "after the transitional period") are, as such, the slightest use to the country. The one general principle that has some meaning and can be defended is that the interest of the community and not the interest of this or that group in industry or elsewhere must decide these questions.

If the Labor Party comes to accept his lead it has a chance of sweeping the country.

On the Conservative side, Mr. Quintin Hogg has emerged as the spokesman of a group of young Tory M.P.'s who are de-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

termined that social reform shall continue to be part of the tradition of their party. These young members have formed their own Committee in the Commons and are pressing for the immediate setting up of a Ministry of Social Security. Here again is a sign of an emerging leadership which, if it were successful against the arid "last ditchery" of the Conservative back benchers could put new life into the Tory Party. Mr. Hogg acknowledges his attitude to be due to his contacts with the soldiers in the Middle East where for two years he was on active service. It is a straight reflection of the radical mood of youth. It is an attempt to express that mood in political terms.

Common Wealth, already mentioned in passing, represents, broadly speaking, the social idealism of the Middle Classes — a radical idealism — and is profiting now by the party truce which debars Labor from contesting Conservative seats, and vice versa. Its candidates are mainly young people and it is getting a good deal of enthusiastic support from the young. Incidentally, Common Wealth is making a bid for radical Christian support. I cannot say that there is a widespread religious revival in Britain, but there are young people who are interested and bring religious enthusiasm to the task of social reform. The fact that the Archbishop of Canterbury is an outspoken "radical" undoubtedly tends to increase the prestige of Christianity among young people.

These, then, are some of the growing points from which a rehabilitation of British politics, of the machinery of British government, can spring. There is nothing incurable in Britain's disease. The quality of the young people is magnificent. Their ideas are progressive, yet there remains an undercurrent of conservatism bred of their love of old ways and places and possessions. The failure at the moment is a failure in political leadership. That leadership was magnificent in 1940; it is uncertain for 1945. For myself, I feel the scales of history are fairly evenly balanced. Our country may swing down on the side of frustration and apathy; or on the side of a new democracy. The material is there for either decision. But prophecy is as unfruitful now as it would have been at the time of Dunkirk.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

RELIGION IN RUSSIA

By Sir Bernard Pares

THE story of the Communist attack on religion seems to me a very simple one. But to understand any Russian problem one has to know the country — its real values and particularly its hidden values.

Here, to start with, is one fact which explains more than perhaps anything else in this story. M. Paléologue, witty and courtly ambassador of the French Republic to the last Tsar, states in his diary: "This people is more religious than its Church." The observation is true, but not because Russians are ignorant or superstitious; it applies not only to the masses but also to the best Russian minds. Hardly any really intelligent person can fail to recognize this even as he enters the country. I remember the words of Harold Williams, our greatest Russian scholar: "Don't you feel when you are leaving Russia as if something were being taken out of you?" All native Russian philosophy has always been idealistic. Of itself, without any special pleading, it arrived at the recognition of the unseen world, of the guiding Deity. When I was translating an article on Lopatin, one of the best Russian philosophers, I remember how a great and loved teacher of mine stood by and listened. As Lopatin's argument reached the conclusion just indicated, my friend commented: "A spirit such as that could dwell in no meaner shrine." It was within the people of all classes, not within the formal Church, that the spirit of religion dwelt.

In no country did the great German philosophers from Kant to Hegel leave a greater impression than on the educated élite in Russia; but no sooner did a German idea, perhaps quite secular in its origin, take root in Russia than it at once took on a religious character. Of course, this happened among the native Slavophils, men of enlightened, conservative and patriotic thought. The leader of the school, Kireyevsky, was at one time a pupil of Hegel. But even the westernizers like Belinsky could only preach atheism in the language of religion — "the cowl has been placed on our heads." The same thing occurred in the case of Marxism. And the giants of Russian literature, Turgenev, Tolstoy and Dostoyevsky (especially the last two, who were the most characteristically Russian), were all permeated with religion

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

and had their chosen spiritual advisers in one or other of the great monasteries. Dostoyevsky, in particular, who is far the best interpreter of the mysteries of Russian thought, speaks of his beloved Russia as the Christopher or Christ-bearer, who always carries Christ with him. He is speaking of the Russian peasant and it would be crass ignorance to count this all off as superstition, as has been done by so many foreign visitors and as indeed was fashionable even before the Revolution among some Russian intellectuals, who regarded religion as something entirely out-of-date.

But in the upper levels of the church hierarchy religion had come near to exchanging the substance for a distorted formalism. In the earlier great period of unrest in Russia, the "Time of Troubles" at the turn of the sixteenth century, there was for a while no Tsar. But there was still an independent Head of the Church, the Patriarch, and it was the Church, more than any other leadership, that brought the country back to health and order. The third ruler of the new dynasty of the Romanovs, Peter the Great, resented any rival authority and let the Patriarchate lapse. He put the Church under a civil official whom he significantly described as "the Tsar's eye." From that time the independence of the Church was gone. By the time of the Revolution, the official church had become something very like an extra police ministry. Priests were expected to report the words of their parishioners to the police, some had to send in their sermons for censorship, and two of my own friends among them were actually unfrocked — one for mildly liberal opinions, and the other for speaking against capital punishment which — it must be remembered — was only retained for military offenses or for those who challenged the authority of the government.[1]

It is this debasement of the official church which alone can explain the medieval caricature of the last two years of the Monarchy. Then, as is shown by the most clearly documented evidence, the principal appointments in the Church were dictated by the lewd Rasputin, whom the distraught Empress regarded as the savior of the life of her sick child and as infallible. It is the established fact that Rasputin, who was meanwhile making a public scandal of himself at the most notorious places of entertainment, so bad that even the police reports are unprintable, was able to appoint a political adventurer, Pitirim, to the highest

[1] Ordinary murderers were not executed.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

LIBRARY
ILLINOIS

post in the Russian Church. We have the amazing record of the offer of a very large sum of money to him by the Prime Minister A. F. Trepov on condition that he should cease to interfere in political affairs but might do what he liked with the Church. Rasputin refused the offer and it was not he but Trepov who was dismissed. Then, and not now, was the time when religion was in real danger in Russia.

The real Church — that is, the community of Orthodox believers — hated all this far more than the outside public. In 1905, simultaneously with the great liberal movement which took shape in the creation of the Duma, the Church, through its clergy and laity, demanded the calling of a church council to give it a new congregational basis and the restoration of the Patriarchate as the symbol of its freedom. The Tsar nearly gave way. Rasputin advised against any change. Directly after the fall of the Monarchy, this great movement went through of itself. The Church Council was called, and the Patriarchate was restored. The head of the government, who was present to give the sanction of the State, was the labor leader, Alexander Kerensky.

I possess the legislation which, after the fall of the Tsar, the government of Kerensky prepared to propose to the impending Constituent Assembly. It included toleration and even support of all religious bodies, with the recognition that Russian Orthodoxy was the Mother Church of Russia.

The general chaos which followed the fall of Tsardom was only ended by the seizure of power by the Communists in November 1917. They were mostly emigrants returned from Europe. One of their mottoes was the superficial statement of Marx: "Religion is dope for the masses." Yes, it had been used in that very way; but anyone who thought that this phrase exhausted the subject could only be without any understanding of religion, and above all of what religion meant to the Russian. I have often asked Soviet friends: "Is it not quite clear that Jesus Christ was what you call a proletarian?" and they find it impossible to deny it. They then insist that religion had become perverted. But why challenge the reality as if it were the perversion? In Russia, the attempt to stamp out the religious feeling was from the first doomed to failure.

The new dictators nationalized all church buildings, funds and property, but they did the same all round. The church buildings could be leased back to parish communities for worship, but they

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

could be alienated again by a majority of the inhabitants of a community on a show of hands. (The ballot had now been abolished.) There were about a thousand priests and as many as forty bishops who perished by violence in the Civil War; but after the initial hysteria official interference with the performance of worship was not attempted. The constitution declared freedom of conscience and of religious and anti-religious propaganda. The vital threat was a law forbidding religious instruction to persons under eighteen in groups of more than four. The intention was to cut off religion at the source, allowing it to die out with the old believers. The direct attack was on ministers of all religions, who were thereby called upon to betray their ordination vows and to abstain from instructing the young; it is surprising that clerical sympathizers abroad have never understood this.

This direct threat was manfully resisted, and in the spring of 1923 two trials were prepared. That year the Western Easter preceded the Eastern by one week, and this was utilized to test public response to persecution of the clergy. In the Western Easter week, with deliberate imitations of the Passion, foreign priests — Polish Catholics — were put on trial. A précis of the trial, which was often verbatim, was taken by my friend, Captain Francis McCullagh, an Irish Catholic and one of the most famous of prewar correspondents in Russia. At one point, the public prosecutor actually set the code of Soviet laws against the Bible and quoted: "We have a law and by that law you have to die." The refusal of the Catholic priests was magnificent and unanimous: they would continue teaching the young as before. The Catholic Archbishop Cieplak was condemned to death. When he heard the sentence, he stood forward and gave the blessing: many of those in court fell on their knees, and McCullagh succeeded in sketching the scene. The Archbishop's principal lieutenant, Monsignor Budkiewicz, was actually martyred — I believe on Good Friday. McCullagh got the whole of his account out of Russia, and there was such a storm of indignation all over Europe and America that the Russian Patriarch, Tikhon, who was to have come before the court in the succeeding Orthodox Easter Week, was set free without trial. The Soviet Government feared for its recently concluded trade agreements. This was the end of the frontal attack, which has never been repeated in the same form. The Patriarch was everywhere welcomed by crowds of devoted believers, but he was a broken man.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Up to 1928–9, the atheist attack was waged by arguments which could carry little conviction: for instance, the holy communion spread infection, the holy communion encouraged drunkenness, there was nothing left in the world to explain, the machine had superseded God. The silliest was the evidence of two airmen who said they had gone up to heaven and could not find God. There was much indirect harassing of believers and especially of priests. In 1928, the Minister of Education, Lunacharsky, who led this attack, made the fatal admission: "Religion is like a nail; the harder you hit it, the deeper it goes into the wood." Any thinking peasant could have told him this in advance.

More desperate measures, though not in the domain of force, were now attempted. The words "Religious and" were now deleted from the provision in the constitution to which I have referred, thus leaving only freedom of anti-religious propaganda. School-teaching, instead of being non-religious, was made anti-religious. This was a fatal mistake. You cannot teach a negation. The attempt to do so in Russia stimulated the very force which it sought to explain away. I have heard it tried, and seen it fail obviously to satisfy even the teacher himself. There were anti-religious museums to which school-children were taken to implant a contempt for religion. In the end this phase passed from anti-religious propaganda to the safer ground of emphasis on scandalous pages in the history of all the churches.

Meanwhile, by a complicated omnibus law, built up on various local ordinances, the Church — which had energetically set itself to carry out some of the excellent social legislation of the government — was debarred from all activities except the performance of worship. Priests were forbidden to live in the towns and had to come in for their work. Many were arrested on the charge of hoarding, because they were inevitably found in charge of the offertories, by which alone the church buildings could be leased. Other expedients were adopted to cut off the priest from his parish and many priests became travelling missionaries, carrying on their work in the same conditions and with the same support as the first ministers of Christianity. There was plenty of courage. Where the attack came home with most effect was in the matter of training, which had become almost impossible. And another heavy blow was given to church organization by the removal of bishops or by obstacles put in the way of any regular visits to their dioceses.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

I am quite convinced that the attack on the Church has driven religion back to the individual conscience. In the Orthodox communities, with the closing of the church, the icons or religious pictures turn every cottage into a chapel, and it is seldom that one does not find them there. The trend of religion in Russia is toward simple Bible Christianity. At the outset of the Soviet period, the non-conformists, themselves persecuted by the Orthodox Church under the Tsars, were left unmolested. They suffered in turn. And were likewise strengthened. The Baptists, for example, now harassed like the rest, have made numbers of conversions which have attracted the alarm of the official press. One read also in their own literature the achievements of various missionaries who could never give their real names or indicate the scene of their labors. In a recent census which, among other statistics, took those of religious belief, so many confessed boldly to it that the figures were never published. I have been informed that there were many others who evaded the question but held as firmly as before to their religion.

More successful were indirect measures, such as the establishment in the towns of a six-day week, which practically eliminated Sunday, and the conversion of village churches, by open vote, to other purposes. As the labor laws threatened everyone with the loss of food and lodging for a day's non-attendance at work, the six-day week was a serious blow, for only once in six weeks did the official rest day correspond with Sunday.

Since 1929, the government has relied on a semi-official body called the "Union of the Godless." Its President, E. Yaroslavsky, a highly intelligent man, has been described as a religious atheist who still hopes to carry his cause by conviction. I possess his instructions of 1937 to his followers and they prove his complete failure. He tells them that his organizations "have fallen to pieces," that there is only the most languid interest in the attack, that the churches are more active than ever, that there is an organized nucleus of something approaching a million Christians in the country, that religion has as much influence among the young as among the old (and this is best shown by the congregations on the great feast days), and that, in spite of everything, one-third of the town population and two-thirds of the country population (which is, of course, much more numerous) are still believers. This implies that something like half of the Red Army falls into this category.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

There is one interesting development which Yaroslavsky, honest as he is, does not mention. Under the common pressure, the bitterness between rival forms of belief disappeared altogether. Orthodox and Jews supported each other in the difficult task of keeping open their places of worship. Baptists contributed to the upkeep of Orthodox parishes. As in the old days with liberal and revolutionary thought, the prison became a common meeting-house of fellowship and sympathy for the religious minded, and on their release the ministers of one religion would be visited and congratulated by those of another. It was inevitable too — in such a country as Russia, where sympathy with the suffering and oppressed has always been a primary instinct — that the hardships suffered by the priests should have banished the last traces of any class barriers that separated them from the laity. In country parishes they found a solid support in the peasantry, which served to carry them through the worst of their troubles. The humorlessness of the government propagandists was a repetition of an error which, in the old days, was often made by the educated — whether governors, generals or revolutionary propagandists — who all alike would spoon-feed the peasants as if they had no minds of their own, and often came in for rude surprises.

On the other side, Marxism itself, though acknowledging no foundation but sheer materialism, in Russia inevitably, like any other form of belief, became an idealism. After all, as has been recognized by the acutest of all its critics — once a Communist leader and now a Professor of Dogmatic Theology, Professor Sergius Bulgakov, the Marxist objective was the happiness of all — the poor, the maimed, the oppressed, the weak, the very old, the very young, the weaker sex — in other words, what we should describe as the Kingdom of God on earth, and the really great things that have been achieved in these directions are the finest part of the Soviet record. Does not God see all this, the critic asks, and will He hold to shame this will to a better world? Young Communists themselves felt the void in which their materialist creed had left them. They have set themselves the sternest standards in ethics, but this could not fill the gap. In the end it becomes like a contest between two creeds which cannot see how alike they are: "Saul, Saul, why persecutest thou me?" The view of Communism now accepted everywhere in Russia is that it is an ideal not yet attained and far-off; and that is how we all regard Christianity. Communism no longer means to

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Russians anything connected with the first blood-stained years of the Revolution; it is the ideal, to be realized fully in the future, of complete and absolute devotion to the community. The guerrilla fighter shows it when he dashes in on the German tanks with his hand grenade regardless of any thought of escape. The Russian airman shows it, if he finds his wings on fire, when he automatically dives for any neighboring German munition dump, and blows it up and himself with it. This devotion is to be found in many other countries in the present struggle: we were proud of its presence under the blitz in London. One of the most sympathetic accounts of the courage and devotion of the travelling church missionaries of today comes from the pen of Yaroslavsky himself. And from a sturdy priest comes the most understanding appreciation of the moral value of the Communist training in a boy of 10 or 12, ending with the words: "Lord, what a good child of our Mother the Church might be made of him!"

Can I describe the conquering appeal of the great church festivals? The deep church bells, with their moving tone, the reminder that one was among the great family of Mother Russia, are now no longer there. But the roads are thronged with a mass of silent, reverent worshippers, whole families going to the great act of loyalty under fire. All have that set face which one recognizes everywhere as the hallmark of the new breed in Russia. There is only room for half of them indoors, and the rest will wait a full two hours in the wintery weather till the priests are ready for the second service. Even so, the big church is so crowded — all standing — that it is only with great difficulty that one can make one's way through to find a place. The deacons can only just get through to collect the generous alms for the poor; by our standards all there are poor. High up in the middle sit the twenty "church-wardens," a target for all eyes and for every threat, the stalwart leaders who keep the church still open. The heartsearching Russian church music is wonderfully full and beautiful, for the choir has been reinforced from churches which have been closed. Candles are reverently lit to be passed from hand to hand till they are placed before a favorite icon or religious painting. Constantly the close throng has to part to let through individuals or even whole families who, while the church is under challenge, will not leave the building till they have given their pledge of loyalty by kissing the cross. At the end, we make our way out to the street where the crowd is patiently waiting.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

No sooner had Stalin defeated Trotsky and expelled him finally from the country than he switched all the main forces of the new Russia from the wild-goose chase after world revolution to the practical task of raising the level of well-being in his own country and making it defensible — of which we see the most impressive proofs in the present war. As soon as the author of "Mein Kampf," with its plain-spoken challenge of invasion of Russia, became the absolute ruler of Germany, Stalin set about rallying his forces of defense. Within definite restrictions, he made striking concessions to the instinct of property in the peasant and workman, and he entirely restored the family to its old position of honor. Divorce, which had earlier been allowed almost without formality, now became subject to a progressive tax! Abortion, formerly indulged, now became a grave penal offense. No wonder that Trotsky, who is still the high priest of many of the Communists outside Russia — whether or not they admit it consciously — wrote in "The Revolution Betrayed" (meaning betrayed by Stalin): "The fifth Commandment has returned in Russia, and also the seventh, though so far without any actual reference to God."

He was right. I have never expected the flag of atheism to be pulled down. But I have always felt sure that religion, as I understand it, was winning through. One could also be sure that any improvement in Russian relations with Britain and America would bring easier times for the Christians in Russia. The persecutions were a quite unnecessary sideline of the Marxian dogma. Yaroslavsky had himself exposed their failure. Stalin, though Yaroslavsky was the friend of his youth, had too much sense to follow his fanaticism, and since 1936 significant changes have taken place. Even before then priests regained the vote, and Yaroslavsky himself wrote approval of this. Christian belief no longer debars from posts in Church and State. Icons can be manufactured and sold, and plenty of cottages seem to want one. The famous Iberian chapel over which was once placed the Marxian motto "Religion is dope for the masses" has been reopened. Polish priests, and apparently even Russian priests, could hold their service in the front line; some are serving in the Russian guerrillas. *The Godless* had to publish an article by one of Stalin's publicists stating that Sunday must be restored because that is the wish of the majority of the people. And *The Godless* has since been discontinued "in view of shortage of paper."

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

In my view, we have no need to be anxious for the future of religion in Russia and certainly not for the effects of our present close partnership with her on the lot of Russian Christians. There are, of course, many changes in the practice of religion in Russia and there will be more. The years of trial have put far more responsibility on the individual conscience, as we have noted. With the out-of-date trappings of the old régime has disappeared that reign of sheer compulsion by which the many and diverse live currents of Russian religious thought were suppressed under a kind of tombstone of official uniformity. These varieties will come out into the open air, which is just what ought to happen. But Russia, in my opinion, has remained the most religious country in Europe. "Sometimes," said the acute critic to whom I have referred earlier, "it falls to one or other branches of the Church of Christ to stand in the front line; that honor has fallen to the Church of Russia, and in our harassed churches you will find a fervor of devotion which I should be happy to see in the churches of Western Europe."

The attack on religion was, from the first, the weakest link in the general Communist offensive. Of this the latest incident in the story is peculiarly significant. A Russian book has recently reached America in a shipment of a thousand copies. Since publishing is a Soviet monopoly, it could only have appeared with the permission and the active coöperation of the State. It is a de luxe edition, with copious illustrations, written by the official heads of the Russian Church and designed to show that in the Soviet Union religion is alive and is tolerated. To those who have followed the story throughout, this implies that the Soviet Government fully realizes that the attack on religion has been a direct preventive of good-will in the countries of its Allies, and desires to reassure us on that point for the future. Whatever the importance to be attached to the statements contained in this book, that is the purpose of its publication. Those who have regarded the Soviet hostility to religion as one of the chief impediments to better relations between Russia and the world beyond her borders have at last been fully justified. Though we cannot forecast the future, we have every reason to say that the attempt to extirpate faith from the Russian spirit has failed, and that this failure has been recognized in Russia.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

CURRENCY STABILIZATION: THE KEYNES AND WHITE PLANS

By John H. Williams

PUBLICATION in April by the American and British Treasuries of plans for monetary stabilization after the war has launched a debate that will continue until a decision has been reached. This is a fine example of the democratic process. Both Treasuries have emphasized the tentative character of the proposals and have invited comment from any quarter. The plans have been announced as the work of technical experts. Dr. Harry D. White, Director of the Division of Monetary Research of the Treasury, is the author of the American plan and Lord Keynes, now serving as an adviser of the British Treasury, the author of the British plan. The discussions thus far both between the two Governments and with the other allied and associated governments have been entirely through the medium of technical experts. The Governments themselves remain uncommitted. Although the American plan has been presented by Secretary Morgenthau to the appropriate committees of Congress and there has already been some preliminary discussion of both plans in the British Parliament, it seems probable that the legislative phase of the debate will not get seriously under way for some time. At the appropriate stage, presumably, public hearings will be conducted by our Congressional committees.

All this contrasts most favorably with our lack of planning for monetary stability after the last war and gives ground for hoping that we may avoid another long period of currency demoralization. The world's monetary experiences in the period between the two wars are too familiar to require more than the briefest summary. The suspension in 1919 of the measures taken during the war to peg sterling and other currencies revealed fully the breakdown of the international gold standard which the war had produced and introduced a period of the wildest currency disorder. Depreciation of European currencies, combined with the general political and economic uncertainty, led to those erratic flights of capital which throughout the inter-war period continued to be perhaps the chief impediment to the establishment of international monetary stability. The disorder of the early twenties was marked especially by the great inflation which ended

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

in the complete destruction of the German and other currencies of Central and Eastern Europe and by the slower and milder inflation in France, Belgium and Italy.

Following this initial phase after the last war, the leading countries adopted monetary policies directed toward bringing their currencies back to gold. The British stabilized the pound at prewar gold parity and the French Government stabilized the franc at a depreciated rate. Among economists the opinion prevailed that the pound had been overvalued and the franc undervalued. The result was that England was subject to a constant hazard of losing gold, which up to the time of her departure from the gold standard in 1931 continued to dominate both her external and internal economic policies. France, on the other hand, continued for several years to draw gold persistently from other countries and exert deflationary pressure upon them.

England's predicament, in particular, gave rise to a prolonged and often very warm debate about who was mainly responsible for the currency disorder existing in the world. The British economists reproached this country not only for its tariff policy — a criticism with which I heartily agree — but also for its unwillingness or inability to have our internal prices rise, with the result, as Keynes put it, that the world's gold was being buried in the vaults of Washington. Americans, on the other hand, were more inclined to stress England's failure to reduce her costs, which, as they pointed out, was the logical implication of her decision, independently taken, to overvalue the pound. As we look back now and recognize that we then were in the early phases of our great boom which led to the crash of 1929, the English reproach seems pointless. Nevertheless, it is typical of the kind of conflict in points of view that arises when fundamental decisions about exchange stabilization are taken by countries independently rather than by joint agreement.

The British and French difficulties in the twenties and the new general collapse of the gold standard during the great depression led to an increasing insistence by many economists that a system of fixed exchanges was neither feasible nor desirable under modern conditions. Trying to maintain external monetary stability, they insisted, meant sacrificing internal stability; nations were forced to choose, they said, between stable exchanges and stable internal prices, incomes and employment. Lord Keynes, it will be recalled, was in the forefront of this advocacy of flexible ex-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

changes and launched many a dart against the tyrannical interference of the gold standard with internal economic and monetary policies.

Both the Keynes and the White plans give abundant evidence that the experiences of the inter-war period have been carefully pondered. What they come out with is essentially a compromise of earlier ideas, but a compromise looking fundamentally toward a stable exchange system. Both recognize the necessity of controlling short-term capital movements and to this extent depart from the assumptions of a free exchange system. Both recognize the necessity for international coöperation in determining exchange rates, and both provide machinery for altering exchange rates under appropriate circumstances. Both recognize clearly, however, the destructive effects upon international trade, and economic relations generally, of freely flexible exchanges, and have as their chief purpose the creation and maintenance of a system of stable exchange rates. I have believed for some years that the solution of the international monetary problem must be sought along lines of compromise such as these,[1] and I regard this aspect of the plans as a great constructive step forward.

II

Publication of the two plans has given rise, not unnaturally, to much comparison of them with each other and of both with the gold standard. Reading the comment here and abroad, I have felt that too much was being made of the differences and not enough of the similarities. Probably this is why shortly after the plans were published British officials in Washington gave a press interview in which they emphasized how much more fundamental is the general similarity in the nature and purposes of the two plans than the many differences in their detailed provisions. But I have been even more concerned by the comparisons between the two plans and the gold standard. Some strong adherents of the gold standard appear already to have brushed both plans aside on the simple ground, often unelaborated, that they think the gold standard system is better. Others seem inclined to reject both on the ground that they go too far in providing a link between national currencies and gold. There appear to be many in this country who prefer the White plan primarily on the ground

[1] See my paper, "The Adequacy of Existing Currency Mechanisms under Varying Circumstances," *American Economic Review*, March 1937, Supl., p. 151–168.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

that it represents less of a departure from the gold standard; while in England many appear to prefer the Keynes plan as less tied to gold. At least this seems to have been the drift of the comment in the Parliamentary debate on May 12, and much the same thing has been said in various articles in the English financial press.

In all this there is much danger of confusion. Not only are the two plans fundamentally similar in their mechanical aspects but the monetary mechanism provided in both is essentially a gold standard mechanism. This is a major fact which must be grasped at the outset. It depends not at all upon the references to gold made in either plan.

The White plan provides for an international stabilization fund. The member countries would deposit their currencies with the fund,[2] which would then undertake to provide the currencies needed by each country for settling its international account. The Keynes plan provides for an international clearing union in which no funds are deposited. Instead, international payment would be effected by debiting the paying country and crediting the receiving country on the books of the union. Both plans provide for a new international monetary unit in terms of which the national currencies of the member countries would be defined. In the Keynes plan the new unit would be called the bancor and in the White plan the unitas. These new monetary units, however, are quite unimportant and serve no purpose other than to provide a common unit of account.

This mechanical difference between the two plans is that between the bank deposit principle as we know and use it in this country and the overdraft principle as used in British banking. I suspect that in the actual working of the plans it might prove to be a difference of considerable practical importance. The use of the overdraft method would mean that the clearing union would engage in no exchange operations itself but merely keep books.[3] It lends itself beautifully, moreover, to the function of clearing only the net balances in each country's aggregate trade with all the others combined, which is the essential requirement of an effective international monetary mechanism. On the other hand, its very simplicity might be a weakness from the stand-

[2] The initial deposits are to be made one-fourth in national currency, one-fourth in gold, and one-half in government securities; but for my present purpose these details are secondary.

[3] The stabilization fund, on the other hand, would engage in operations, but only with central banks or other designated fiscal agencies

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

point of the magnitude of the new foreign exchange facilities which might be created under the plan. It might well seem to many of the member countries like getting something for nothing, since nothing has to be put up, and there might easily develop a strong urge for bigger and better quotas all round. I will come back later to what this might mean for the American banking system in the very probable event of a strong convergence of demand upon the dollar.

But as regards comparison with the gold standard, this mechanical difference between a stabilization fund and a clearing union is of no importance. As I said earlier, both are essentially gold standard plans. This can best be seen by a point-by-point comparison. The gold standard method of maintaining international equilibrium breaks down into four parts: (1) exchange rates are fixed by defining each currency as a weight of gold; (2) small variations in exchange rates, sufficient to cover the cost of shipping gold, cause gold movements between the trading countries; (3) the gold movements reduce the bank reserves of the gold-losing countries and increase the reserves of the gold-receiving countries; (4) these variations in bank reserves are supposed to produce changes in the money supply,[4] and thus in the internal prices and incomes of the trading countries, which correct the original disturbances in the balance of payments that gave rise to the gold flow. This at any rate is the familiar sequence of steps as taught us by Ricardo and Mill. Comparing this with the money mechanisms provided by the Keynes and White plans, we see that the differences are in matters of detail, rather than of essence: (1) in both plans, the currencies are fixed, not in relation to gold, but in relation to each other through being defined in terms of a common unit of account, the bancor or the unitas; (2) gold movement[5] is unnecessary but its function is preserved and performed by currency transfers in the fund or by transfers of debit and credit on the books of the clearing union; (3) these transfers in the fund or the union affect bank reserves in precisely the same manner as the movement of gold under the gold standard; (4) variations in bank reserves are expected to have the

[4] I need not elaborate the familiar primary and secondary effects on the money supply, the one-for-one increase of deposits accompanying gold inflow and the multiple expansion of deposits supposed to follow the increase of reserves. Both are present also in the Keynes and White plans.

[5] But see my next paragraph which discusses the gold provisions. As stated earlier in the text, my point in this paragraph is that the mechanisms of the plans would be gold standard *even though there were no provisions about gold.*

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

same monetary and price effects as under the gold standard, but these effects may be modified by the powers of adjustment assigned in both plans to the international board of directors of the fund or the union.

This comparison will have served its purpose if it brings out clearly that the similarity of both plans with the gold standard depends on their effects upon bank reserves and deposits rather than on what they actually say about gold.[6] Space is too limited for much discussion of the gold provisions. I have the general impression that the White plan seeks to preserve as much as possible the previous rôle of gold. Member countries are required to put up part of their deposit in gold, and the fund is permitted to buy, sell and hold gold. The plan apparently contemplates that all transactions by parties that have gold or exchange balances may be consummated outside the fund but within the rate range fixed by the fund. The Keynes plan also makes rather generous provision for gold. The clearing union is empowered to buy and hold gold and may, at its own option, distribute its gold to creditor countries. One can read fairly readily between the lines that these provisions are due not to any great concern about gold on Keynes' part but most likely to his recognition of the political requirements of getting his plan accepted. With the British Empire the principal producer of gold, and the United States the principal holder, it is not likely that any plan which does not provide a market and a monetary use for gold will be acceptable in either country.

But the question raised in my mind, and which I have not yet been able to resolve, is whether in actual experience with the plans we might not find the world developing a dual monetary system, some countries working through the fund or the union and others working around it. Whether this would help or hamper the achievement of a general monetary stabilization seems to me not an easy question to answer. Would the fund or the union be preserved for dealing, without impairment of effectiveness,

[6] In the press comment, much importance seems to be attached to the fact that the unitas is given a fixed value ($10) in gold, whereas the gold value of the bancor could be varied. It is evidently felt that this is to be England's way of retaining the variable price of gold which she has had since 1931. But this is clearly a misunderstanding. England's variable price of gold was in terms of sterling and gave her a means of varying her exchange rate relative to countries where the price of gold was fixed. Under the Keynes and White plans, however, all currencies will be fixed in terms of the bancor or the unitas and cannot be changed, except with the consent of the Governing Board. A variable price of gold in terms of bancor would not affect exchange rates but could be a means of controlling the price, and thus the production, of gold vis-à-vis all currencies.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

with those situations for which it was really needed, while permitting international settlement to go on wherever feasible through accustomed channels? Should one take the view, as one expert has said of the White plan, that the less business the fund has to do, the more successful it will have been? Keynes has said that "By supplying an automatic means for settling some part of the favorable balances of the creditor countries, the current gold production of the world and the remnant of gold reserves held outside the United States [amounting, I might interject, to over $11 billion] may still have a useful part to play," and that he sees no reason why sterling area arrangements or dollar bloc arrangements should not be continued. Are such statements to be taken to mean that he too feels that the less work his union has to do the more successful it will have been?

One of the great weaknesses of international organizations heretofore, whether political or economic, has been that countries have found both the motives and the means to avoid using them and to escape the pressures which they were intended to exert. Whether in their provisions about gold both plans may not have opened the way to their own eventual undoing is a question that deserves the most careful exploration.

III

If, then, the Keynes and White plans are essentially variants of the gold standard system, what are the reasons for proposing these particular variants at the present time? And are there any other proposals that deserve equally careful exploration before decisions about postwar monetary stabilization are finally reached? As to the first question, it seems to me that the case for these particular proposals, or some compromise between them, rests mainly on two grounds: (1) the inadequacy and maldistribution of the present supplies of gold and foreign exchange balances outside the United States; and (2) the scheme for collaboration and control which heads up in the management of the fund or union by an international governing body. The first of these reasons has a special bearing upon the immediate postwar period and the problems of transition from war to peace. The second looks as well to the kind of monetary organization which will be needed after the return to a more normal world.

Toward the provision of more ample and better distributed foreign exchange resources, the White plan makes only a mod-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

erate contribution.[7] It calls for a fund of $5 billion, of which it is expected the United States would provide $2 billion, and a fourth of the total would be in gold. It is contemplated that only half of the national quotas would be called up at the outset. For blocked war balances, however, which might well be a particularly severe source of disturbance, especially for England, the White plan provides for a gradual liquidation to be spread over twenty-three years. The Keynes plan, on the other hand, suggests that the initial national quotas "might be fixed by reference to the sum of each country's exports and imports on the average of (say) the three prewar years, and might be (say) 75 percent of this amount." And it has been estimated that the new foreign exchange resources which could thus be created through the clearing union would amount to $30 billion, of which $25 billion would be credited to countries other than the United States. To this should be added about $11 billion of gold held outside this country, plus nearly $1 billion of official dollar balances now held by foreign countries with the Federal Reserve System. Looking ahead for the next five years, which might cover the remainder of the war and the transition back to peace, we should also include the output of new gold, which amounts to more than $1 billion a year. Thus, under the Keynes plan, there might be available a maximum of official gold and foreign exchange resources held outside this country of over $40 billion.

Whether so generous a provision of exchange resources would be a good or a bad policy for the postwar period is a debatable question. Keynes insists on the desirability of starting the nations off on a wave of expansion sufficient to overcome any fears that might hold them back from trading and producing courageously and freely. One might sympathize with this and still doubt the wisdom of providing so much leeway. So far as the United States is concerned — and particularly if the expansion took the form of a concentrated demand for dollars, as in all probability it would — one would need to ask whether it is wise to encourage such an expansion of bank reserves and bank deposits as would ensue, and on top of the doubling and more likely the trebling of our money supply which is resulting from our financing of the war. This would be to recreate our problem of gold inflow and excess reserves of the thirties with a vengeance.

[7] It is true, however, that provision is made for the expansion of the fund's gold and exchange resources if this is thought desirable.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

We can only speculate how real such a danger might be. According to the Keynes plan, penalties on debtor countries should begin to operate well before their quotas are reached; and there are of course the provisions which he outlines for corrective actions to be taken by the creditor country, which he speaks of as a unique feature of his plan but which in the end he leaves, so far as I can see, to the discretion of the creditor country itself. But it is always easier to mention these corrective measures than to decide in the concrete case what might or should be done. A pronounced monetary expansion in this country would almost certainly not be the right move. Foreign investment would certainly be in order and probably tariff reduction, but both would take time. Whether currency appreciation would be a possibility is a hard question. It would seem feasible, if ever, under the conditions of a boom such as we may well have. But whether our farm bloc, for example, would ever consent to it under any circumstances is problematical. At any rate, it would seem prudent for this country not to confront itself with too large a question of this character too soon.

This is part of a larger question of interest not only to the United States. Keynes barely alludes at one point to the possibility that the world may be confronted during the transition from war to peace with an excess of purchasing power and a deficiency of peacetime goods, so that for a period, at any rate, a policy of monetary expansion might carry more promise of inflation than of increased real income and employment. This, it seems to me, is a real possibility, deserving of much more than a passing reference. Most economists seem now to be agreed that because of this danger of postwar inflation, which seems even more serious than the threat of wartime inflation, it will be necessary to maintain, and to relax only gradually and carefully, most of our internal direct controls. And this is the policy which I would prefer to follow externally as well.

Fortunately for the longer run prospect of international monetary stability, the nations will come out of this war with well developed systems of exchange control. Retention of these controls, and only gradual relaxation of them, coupled with specific provision for relief and reconstruction expenditures by the extension of the lend-lease arrangement and with some special plan for handling the blocked war balances, would seem to me the preferable way for dealing with the transition to a more normal

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

world. On this ground I would prefer to see the institution of such plans as those proposed by Keynes and White deferred. If I had to choose between them, I would favor the White plan, so far as this aspect of the problem is concerned. With the past record of international coöperation what it has been, special thought should be given to the dangers of launching too ambitious a project prematurely, under conditions which might discredit it unnecessarily in its early years. This is particularly the case if, as I have said, the problem of transition to more normal conditions might be handled as well or better by other means.

IV

The most important question, however, is whether in the longer run, when the transition to peace has been achieved, the general type of monetary organization outlined in the Keynes and White plans promises to give the best assurance of achieving and maintaining international currency stability, with all that implies for a stable and orderly economic world. This, too, I do not find an easy question, and my present attitude is one of wanting to hear more and think more about it as the debate develops. One of the dangers involved in the present technique of concentrating upon the comparison of the two plans, and taking the visiting experts of the allied and associated governments through them point by point, is that no other plan is likely to get an adequate hearing — unless it be later on, at the legislative stage, which may not be the best method of arriving at well and calmly reasoned conclusions.

The difficulty for me is that I have long believed that there is another kind of approach to the problem, and one that deserves equally well the name of international collaboration even though it is constructed on less elaborate lines. This is what might be called the key countries, or central countries, approach to the problem.[8] It is closer in conception than either the Keynes or White plan to the way the gold standard actually worked, around England as the central country, in the nineteenth century; whereas I have the feeling that those plans have a closer family relationship with what might be called the textbook type of gold standard, which implied that monetary stability was maintained by the compensatory action of a large number of countries of

[8] See again my paper, "The Adequacy of Existing Currency Mechanisms under Varying Circumstances," *American Economic Review*, March 1937, Supl., p. 151–168.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

equal economic weight. What I call the key countries approach to monetary stabilization could be tried with or without an international governing board, though I think this is not the main point of difference between the two ways of going at the problem.

The main difference is in the conception of how trade and finance are organized in the world, and of the importance of stabilizing the truly international currencies whose behavior dominates and determines what happens to all the others. Though the organization of trade and finance has undergone much change since the nineteenth century, it still seems true that stabilization of the leading currencies with reference to each other, combined with coöperation among the countries concerned for the promotion of their own internal stability, would be the best foundation for monetary and economic stability throughout the world.

The importance of coöperation upon internal as well as external monetary and economic policies in the leading countries is in line with the current of thought among economists in recent years. One of the most interesting points in Keynes' White Paper is the lightness of touch with which he deals with internal policies. "There should be the least possible interference with internal national policies, and the plan should not wander from the international terrain. Since such policies may have important repercussions on international relations they cannot be left out of account. Nevertheless, in the realm of internal policy, the authority of the governing board of the proposed institution should be limited to recommendations, or, at most, to imposing conditions for more extended enjoyment of the facilities which the institution offers." As I read over his provisions as to what debtor countries may be required to do to adjust their position as their net debit balances mount from a quarter to a half to three-fourths of their quotas, I am not overly convinced that the board's powers of control have very strong or sharp teeth. On exceeding a quarter of its quota on the average for two years, the debtor country may depreciate its currency up to 5 percent. On reaching a half of its quota, it may be required to deposit collateral. As a condition of exceeding a half of its quota, it may be required to do all or any of the following at the governing board's discretion: reduce the value of its currency; control outward capital movements; and/or surrender a suitable proportion of any separate gold or other liquid reserve in reduction of its debit balance.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

It is at this point that the governing board may "recommend . . . any internal measures . . . which may appear to be appropriate." On exceeding three-fourths of its quota, the debtor country "may, in addition, be asked by the governing board to take measures to improve its position, and, in the event of its failing to reduce its debit balance accordingly within two years" may be declared in default and no longer entitled to draw against its account.

All of these measures seem desirable. In particular, I have long believed that the younger countries, whose economic conditions primarily reflect the conditions existing in the great world markets, for which they are only secondarily responsible, should be permitted to vary their currencies. It might help them somewhat, without too seriously affecting the larger countries. Such countries do not often have major difficulties arising out of the outward movement of capital; for them the exchange problem is usually presented by the stoppage of the inward movement. When this happens, they are not unacquainted with being declared in default. The same circumstances which stop capital inflow restrict the markets for their products and produce a severe shrinkage in the value of their merchandise exports, so that these countries are frequently unable to maintain interest payments or even to pay for their current imports. The classical economists would have insisted upon internal reduction of their costs; and some countries, like Australia in the great depression, have proved that internal cost reductions can be a feasible and a potent method of adjustment of the international position.[9] But, broadly speaking, the whole experience of the inter-war period proved nothing more clearly than the fact that the economic condition and the balance of payments position of these countries are primarily a reflection of the conditions in the larger countries, and that if those conditions are bad enough, there can be no real escape, even though the countries are driven — as most of them were — to exchange control as a desperate last resort.

From this experience of the inter-war period, I come back always to the conclusion that the problem of international monetary stability is primarily that of maintaining a state of proper economic health in the leading countries; and that this is the only workable answer to the whole conflict between internal and external monetary stability, about which discussions of the gold

[9] Australia also depreciated her currency and adopted expansive monetary and fiscal policies.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

PUBLIC LIBRARY

standard for years revolved.[10] This means collaboration to maintain both a high level of real income within the leading countries and a high degree of exchange stability between them. If this could be done, the problem of maintaining exchange stability for the other countries, and a reasonable state of economic well-being within them, would probably not present major difficulties.

But such a program implies a degree of coöperation among the leading countries which goes far beyond what is outlined for the governing bodies in either the Keynes or the White plan. I doubt whether the requirements could be spelled out at present, or even whether it would be wise to try to do so. But I heartily agree with Herbert Feis when he says in his article in the April number of FOREIGN AFFAIRS that the best augury for success lies in the intimate collaboration upon numerous problems which has already been developed between this country and the British Empire in our conduct of the war.

Between the two approaches to the problem of monetary stabilization which I have discussed, the Keynes or the White proposal on the one hand and the closer collaboration among leading countries on the other, there may be no inherent or fundamental disagreement. A French plan of the kind I have suggested was prepared prior to the release of the British and American plans and has since been published in the *New York Times*.[11] One of the reasons advanced in favor of it by the authors was that it could be put into effect promptly, whereas in their judgment "If the international monetary system is so ambitious that it cannot become of general use until political and economic conditions are peacefully settled in the whole world, it may have to wait a long while." It might be more feasible to start with a scheme embracing fewer countries, which is less ambitious only in the sense that it is less extensive and more ambitious in the degree of coöperation contemplated, and tie in other countries as conditions warrant. This was the method followed in the Tripartite Agreement of 1936. I am not suggesting that agreement as the model, however, unless it can be greatly strengthened in its provisions for external collaboration and supplemented by provisions

[10] See my paper, "The World's Monetary Dilemma — Internal Versus External Monetary Stability," *Proceedings of the Academy of Political Science*, April 1934, p. 62–68.

[11] The *New York Times*, May 9, 1943, p. 5. The plan was prepared by André Istel, former financial adviser to the Reynaud Ministry and one of the negotiators of the Franco-British Financial Agreement of 1939, and Hervé Alphand, former financial attaché in Washington, former head of Trade Agreements in the French Ministry of Commerce, and French representative at the International Food Conference at Hot Springs.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

for coöperation on internal policies, to which it made no reference. There might be many advantages in such a piecemeal procedure. We could start, for example, with plans for stabilizing the dollar-sterling rate and for measures of coöperation on internal policy, while postponing until later the many difficult questions about the relation of sterling and the dollar to the European currencies which cannot conceivably be settled, I think, except after a period of European reconstruction.

Since I have dealt here exclusively with the proposals for currency stabilization, I should say in conclusion that monetary mechanics is only the lesser part of the problem, as the authors of the plans discussed fully recognize. Keynes begins his White Paper by suggesting four main lines of approach to the problem of how to achieve a stable and prosperous world, of which the mechanism of currency and exchange is only one. The others are international commercial policy; orderly conduct of production, distribution and price of primary products; and investment aid, both medium and long-term, for countries whose economic development needs assistance from the outside. Work is going forward on these other lines of approach, and upon the success of this work will depend fundamentally the success of our efforts, by whatever plan, to achieve international monetary stability. In all phases of it the United States has a vital interest and carries a unique responsibility. This will be the leading and probably the only important creditor country after the war. If we are to have an orderly and stable world, our responsibilities must not be shirked. But our rôle being what it is, and must be, we owe it to ourselves and to the rest of the world to think through the problems with all the intelligence and care and breadth of outlook of which we are capable.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

GERMAN REPARATIONS ONCE MORE

By Jacob Viner

THE defeat of Germany in the last war left vanquished, victors, and the world at large with an evil legacy in the shape of what came to be called "the German reparations problem." It helped to produce an embittered German people. It aroused friction between the erstwhile Allies. It bedevilled international economic relations. It acted as a barrier to the construction of a satisfactory political world order. In all these ways it helped to lay the ground for a second world war. In no quarter today will it be contended that the victors handled the issue wisely. But there is still much difference of opinion as to the nature of the errors made.

History is going to repeat itself in the form of another decisive defeat of Germany. It may repeat itself also in the form of a second German reparations problem, leading to a third world war. What few official pronouncements have been made and what public discussion has occurred reveal that for the most part what happened before has not been forgotten and that there is a determination not to repeat the errors then made. They do not reveal, however, either clearness or unity of opinion as to what these errors were, or that, if they are successfully avoided this time, there will not be substituted for them a new set of errors of perhaps equal trouble-breeding potentiality.

The issues involved are complex, both in their economic and political aspects. For the most part they are not of a kind for which certain and precise answers are available. The decisions concerning these issues must be such as are acceptable to the peoples of the United Nations at the time they are made. During the last war the important decisions were postponed until after the formal peace negotiations were under way. Except in England, there was no previous cool-headed survey of the possibilities of collecting reparations and of the economic and political implications of such collection. There had been no general conferences of the Allies on the reparations question on either the expert or the political level before the Armistice, and no consensus of opinion had been reached. When the meetings of the Peace Conference revealed that the reparations question was a major one, and that there was sharp conflict of attitude thereon between

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

the Allies, President Wilson was taken by surprise. By this time fantastic expectations had been aroused and the politicians did not have the courage to disillusion their followers.

If the leaders of the United Nations are reluctant today to engage in reparations discussions among themselves, long before the enemy is beaten, this is natural enough. They are preoccupied with more pressing matters. They may not like to seem to be counting the chickens before the eggs are hatched. Merely acting like a good ally may exercise a sufficient strain on their capacity for statesmanship without raising troublesome questions the urgency of which has not yet become apparent to all. Nevertheless, before hostilities cease the United Nations will find it necessary to agree at least as to the general principles which shall govern the determination both of the reparations bill as a whole and its apportionment among the claimant countries — that is, if the decisions to be made this time are to be wiser than those reached after the first World War. Public opinion must be cautioned against exaggerated expectations, and leaders must be warned in time against making policy commitments which are incapable of fulfilment or which render a satisfactory settlement difficult to reach. Public discussion is a necessary preliminary to the formulation and clarification of the issues involved, and it is only by participating in such discussion in as objective and cool-headed a temper as possible that the private citizen can make any contribution to a wise solution of the problem.

II

I start from certain assumptions, which seem to me axiomatic. The injury inflicted upon the United Nations by Germany's aggression is greater than her conceivable capacity to make amends. The German nation carries full moral responsibility for this aggression. The only limits to the demands made upon Germany for reparation should be those set by the genuine long-run economic and political interests of the peoples who have been the victims of her aggression.

Real payment of reparations can be made in only two ways: by the surrender to the claimant countries of external assets owned by the debtor government and its nationals; and by the debtor country exporting goods and services exceeding in value the goods and services which it imports. For Germany to borrow abroad the funds with which to pay reparations, as she did last

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

time, does not represent a genuine third alternative. It merely either postpones the necessity for an export balance or postpones the date of obvious default.

The possibility of collecting reparations from Germany in substantial amount through seizure of the assets abroad owned by the German Government or its nationals may be discarded from consideration. If we exclude the assets acquired by Germany during the war, the German holdings abroad, whether of real property, of securities, or of patents, royalty rights, shares in business enterprises, etc., are of modest proportions; and a substantial proportion even of these is owned by refugees from the Nazi régime who have already suffered sufficiently for the sins of others. The valid claims of nationals of the United Nations on German government and German business antedating the war probably far exceed in amount all legitimate German assets outside Germany, and these private claims should probably be given priority over reparations claims. In so far as assets outside Germany were acquired by Germany during the war, they were acquired for the most part by theft, chicanery, or force and, in so far as they can be located and identified, will no doubt be repossessed and turned over to their rightful owners. They will not affect the issue of reparations proper although they will give rise to sufficiently difficult legal, administrative and political problems on their own account. Germany's capacity to develop an export surplus is, therefore, the sole possible source of substantial reparations payments.

Whatever reparations payments Germany will make must be made through German governmental channels. In so far as they are made from stocks of goods — machinery, rolling-stock, ships, merchandise, etc. — existing in Germany when hostilities cease, the German Government can expropriate them and make such arrangements for repayment of their previous German owners as it wishes. In so far as the payments come from the flow of currently-produced German goods and services, whether these are purchased by individuals in the creditor countries or are turned over in kind by the German Government to the creditor governments, the German Government must tax its people sufficiently, or borrow from them sufficiently, to acquire the German funds with which to reimburse their producers. Assuming a stable price level within postwar Germany and given the size of its reparations obligations in terms of German currency, the capacity

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

of the German Government to raise by taxation or internal borrowing sufficient sums to meet its reparations obligations over and above its other budget requirements will depend on the size of the German national income, its distribution, the efficiency of the German taxing and borrowing machinery, and the attitudes of the German taxpayers. At some point, not determinable in advance, the demands on the taxpayers would exceed their capacity or their willingness to meet them. Persistence in making demands beyond this point would result in the overthrow, by parliamentary or other methods, of the government making them. If a German Government should resort to currency inflation to stave off both default on reparations and its own overthrow, the result would be economic disorganization and social strains which would impair the capacity to pay for many years.

On the other hand, governments of many countries, and notably the Nazi Government, have in recent years managed to carry taxation to heights which no one in the 1920's would have believed attainable. We know also from past experience, including that of Germany, that if something like full employment can be maintained during a postwar period the loss of economic productivity resulting from wartime destruction of manpower and of material resources can soon be repaired. Only a comparatively short period of time is needed to bring national output to a higher level than it was in the prewar period, provided that for a trading country like Germany the export market situation is not unfavorable.

It may be presumed that Germany will be disarmed. The savings in military expenditures alone would free huge resources of labor and materials and would make possible both substantial provision for reparations and a considerable increase in the German standard of living above its level under Hitler. It was not a low level before the war, compared to the standard in some of the countries which will claim reparations. But this will be possible, and will result in the actual payment of sizeable reparations, only if substantially full employment is maintained and if the German people can be persuaded or coerced into giving up for reparations an appreciable fraction of what they gave up without real resistance for Hitler, Nazism, and dreams of world-empire. It will be possible, moreover, only if the claimant countries are willing to accept reparations in the kinds of goods and services which Germany can produce.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

III

This brings up the "transfer problem" about which economists wrote so much — and so much nonsense or half-sense — after the first World War. Everyone is agreed that there may be a vital difference between the capacity of a German Government to collect a given sum in a sound German currency for reparations payments and its capacity to convert these internal receipts into correspondingly large payments to other countries in terms of their currencies. As Germany tries to obtain the necessary foreign funds by pushing its exports on world markets, it is argued, the prices of these export commodities will fall. With such a fall in prices the quantity of German exports of goods and services necessary to redeem a given reparations liability will correspondingly increase. This increase will extend not only to the exports which pay the reparations bill but also to the exports which pay for the necessary German imports. It has even been argued — most notably by Keynes — that as German exports were pressed on the world markets, the fall in the prices of exported articles per unit might well exceed the rise in the number of units sold, so that the greater the physical volume of German exports the further away from meeting its reparations liabilities Germany would be.

Appeal to experience, unfortunately, throws little light on this issue. The only historical instances of net unilateral payments by one country to other countries on a large scale and for a long period consist of: (a), wartime loans and subsidies, when the hunger of the receiving countries for goods prevents any transfer problem from arising; and (b), capital exports by England and France before 1914 and by the United States after 1919, where the voluntary character both of the lending and of the borrowing would tend to lead automatically to a cessation of the flow if any sign of impending transfer difficulty made its appearance. In the few pre-1914 cases of appreciable reparations payments — or "indemnities" as they were then called — notably after the Napoleonic, the Franco-Prussian and the Russo-Japanese Wars, the demands were for definite and moderate payments, and these were made within a short period through surrender of external assets and from the proceeds of external borrowing.

In the first years after the first World War, substantial net reparations payments were made by Germany mainly by surrender

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

of external assets and by payments in kind from existing stocks of goods. In each year from 1924 to 1929, Germany borrowed abroad net more than she paid in reparations, so that the net transfer was *to* Germany rather than *from* Germany; and from 1932 on, reparations payments practically ceased. In 1930 and 1931, Germany did make and transfer fairly substantial payments of reparations. They amounted to more than $750,000,000 for the two years combined, if liquidation of indebtedness is included as the economic equivalent of payments in arrears on reparations account, as it should be. The economic transfer was accomplished by a shift in the German commodity trade balance from an import surplus of approximately $850,000,000 in 1927 and $460,000,000 in 1928 to an export surplus of approximately $230,000,000 in 1930 and $715,000,000 in 1931. This, if anything, is evidence indicating that the transfer problem, whatever its degree of reality, was not an insuperable barrier to real reparations payments.

By 1931, however, economic depression was in full sweep in Germany, and that country's economic difficulties had led to a moratorium on German reparations payments, declared at President Hoover's initiative. There can be no question but that the economic crisis in Germany was intensified by the burden of reparations. It should be remembered, however, that the depression was world-wide. The United States, which had no reparations to pay, which had been receiving on inter-Allied debt account payments in excess of Germany's actual reparations payments, and which had ceased to export capital before the onslaught of the depression, was suffering from an economic crisis even more severe than the German one. The record of the episode offers no concrete support to those who claim that the transfer problem is an insuperable barrier to substantial reparations payments. But it does not prove the contrary.

Our only hope of reaching a conclusion about the transfer problem is by resort to theoretical analysis. Reduced to its essentials, the problem makes its appearance, if at all, only when the attempt of the paying country to transfer its payments through increased exports[1] results in a significant fall in the prices of its export commodities on world markets. In Germany's case, such a fall in export prices could result from three main causes:

[1] It can transfer them also in part through decreased imports, with a consequent tendency, favorable to itself, of the prices of its import commodities to fall.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

(a), the natural behavior of markets when they are asked to absorb increased quantities in the absence of an increased demand [2]; (b), the onset of a world depression simultaneously with the initiation of substantial reparations payments; and (c), the existence, and especially the increase, of tariff and other barriers to German exports, tending to make the prices of German export commodities especially susceptible to sharp declines when attempt is made to expand the physical volume of exports. With respect to the two first factors, either nothing can be done, or what can be done should be done for much more pressing reasons than to facilitate the transfer of German reparations. The third factor, however, is more subject to control, and therefore is entitled to fuller examination.

Countries which impose such restraints on the inflow of German goods that German exports find it impossible or abnormally difficult to overcome them, demonstrate by that fact their unwillingness to receive reparations in the only practicable way in which they can be delivered. It is of course impossible, even in a world devoted to the gold standard and multilateral trade, for any country without rich gold mines to make payments in foreign currencies year after year unless it is permitted to procure these currencies by selling its commodities abroad.

In so far as the transfer problem is real, it is made so mainly by the trade barriers of the claimant countries. After the last war, the reparations-receiving countries erected special barriers against the inflow of German goods! The first principle in any sensible reparations settlement should be that no country's claims for reparations will be recognized except to the extent that it is willing to guarantee that it will accept additional shipments from Germany of types of goods which Germany can effectively produce at prices not far below those which could be expected to prevail in the absence of reparations.

[2] The receipt of reparations payments, if used to reduce internal taxation or to increase government expenditures, would operate to increase demand for commodities in general in the creditor countries, and some fraction of this increased demand would even in the first instance normally be directed to German commodities. This is a partial answer to Keynes' argument that if the foreign elasticity of demand for German goods were less than unity (*i.e.*, if, other things being equal, an increase in the amount of German goods offered for sale in export markets resulted in a more than proportionate decrease in their unit prices), transfer would be technically impossible. It may be worth noting that if the German Government exercised tight control over the volume of exports, and if the unit prices of these varied in inverse direction to and in greater degree than the variations in their physical quantities, this would furnish the ideal conditions for paying reparations. Germany could meet her reparations obligations by *reducing* the physical volume of her exports!

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

IV

Many persons, including many economists, grossly exaggerate the extent to which the substitution of payments in kind removes or reduces the transfer problem. Payments in kind, whether to meet reparations liabilities or any other kind of debt, are a primitive form of conducting economic transactions. They are clumsy, inflexible, difficult to administer, and open the way to limitless disputation and chicanery, turning on qualities, types, modes of delivery, etc. They lead to serious waste of the goods involved or of the labor and materials entering into their production. Moreover, unless the payments received in kind represent imports of types of goods which are an addition to those which would come from any outside source in the absence of reparations, they contribute nothing to the solution of the transfer problem. They merely concentrate it on the non-reparations segment of Germany's trade relations with the outside world or shift its incidence to third countries. There is nothing in the inherent nature of payments in kind to facilitate the transfer of reparations. The only advantage they have in this respect is that they lend themselves more readily to specifications of the form and character of the reparations liabilities than do payments in money. They can thus be made partially to assure that the movement of goods and services on reparations account shall be an additional movement over and above normal non-reparations trade. Full assurance of this is in practice impossible. To approach the maximum attainable it would be necessary to provide not only that the reparations liabilities be specified in terms of types of goods and quantities, instead of in money — or better, as well as in money — but also that: (1) either the goods eligible for reparations payments must be of types not normally imported from any source by the claimant countries, or only quantities in excess of normal imports are eligible; (2) the eligible goods must be of types not requiring for their production substantial quantities of raw materials not abundant within Germany, unless the claimant countries are willing to undertake to provide Germany with the required materials without charge; (3) the eligible goods must be of types which can be produced in Germany at reasonable costs; (4) the receiving countries must pledge themselves not to reëxport any of the reparations-goods and not to export similar goods of domestic production in excess of the normal quantities without

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

German consent; (5) the receiving countries must pledge themselves not to destroy, waste, or accumulate indefinitely the commodities received as reparations.

In reality, the chief contribution which substitution of payment in kind for payment in money can make to the solution of the transfer problem is to provide a procedure whereby the demands of claimant countries can be limited to what they are actually willing to accept. But this is a major contribution toward the solution of the transfer problem, and indirectly toward a solution of the reparations problem as a whole. For countries relish the abstract idea of receiving reparations much more than they do the reparations themselves. If they were obliged to face in advance the necessary implications of the process of getting them their eagerness for huge reparations would evaporate.

Many countries now believe that receipt of reparations in the form of an increased inflow of goods and services is not in their economic interest. This belief would be a useful safeguard against excessive demands if these countries would recognize the fact that no more should be demanded in monetary terms than was sufficient to pay for the quantities of goods and services they were genuinely prepared to accept. Straight thinking calls, however, for careful distinction between the circumstances under which this belief is valid and those under which it is pernicious nonsense. It is closely related, in the minds of most of those who hold it, to the fear of cheap imports, as if they were a plague instead of, normally, a blessing. It belongs with a wide and strange assortment of related views, such as that the value of production is in the employment it involves rather than in the product it yields, that imports are an unfortunate prerequisite for exports instead of being the purpose for which exports are made, and that general prosperity can be promoted by artificially created scarcity.

It is topsy-turvy economics; but even in a world which is only partly topsy-turvy there are occasions when it makes real sense. In an economic system permeated by price-rigidities, by monopolistic restrictions on output, and by occupational and regional immobilities of labor resulting from trade-union regulations, defective education, malnutrition, racial and religious barriers, and so forth, an extra inflow of goods from abroad may, for a time at least, merely replace a corresponding amount of domestic production, instead of providing greater abundance for the

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

people as a whole. Our own American economic system is to a deplorable extent a system of just that kind, partly as the result of chance and circumstance, partly because men in office and men out of it have planned it that way. Given that sort of economy, and assuming that reparations would continue long enough to strain the limited capacity of the system for a flexible absorption of the increased quantities of desirable goods but not long enough to break down the rigidities which limit its capacity for such absorption, there is reasonable doubt whether the benefit which the receiving country derives from reparations matches the injury they inflict.

For reasons to be presented later, it is urgent that the period during which Germany shall be liable to pay reparations shall not be protracted. There is much talk of reshaping the economies of the world after the war is over. What is in sight so far, however, offers little basis for the expectation that any very substantial structural changes will come quickly after the close of hostilities or that what changes do occur will increase the flexibility and adjustability of most economies. If the immediate postwar world conforms to my rather dismal prognostications, then most of the United Nations should, in their own economic interest, move very cautiously before they commit themselves to accepting substantial amounts of German reparations, beyond the short period of universal scarcities which will in all probability prevail immediately after the termination of the war. They should at the very least bear in mind that, given the nature of their economic systems, there will be no "automatic" absorption of substantial extra inflows of goods without serious disturbance to their own economies; and that it will not take place at all except with the aid of much more rational and skillful central planning than has commonly prevailed in the recent past.

Another idea of the same order is that heavy reparations demands on Germany, which keep her industries fully employed, give her wide business connections, and make her products familiar to other peoples, will work to her long-run advantage by building up her productive facilities and giving her a predominant position in the export markets of the world. The idea is basically absurd. If it were not, it would be sensible to tell General Motors that it can grow rich by giving its cars away instead of trying to sell them, or to tell the United Nations that they can keep Germany poor and weak after the war by paying reparations to her.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

PUBLIC LIBRARY
AURORA, ILLINOIS

Absurd though the idea may be, however, its prevalence may exercise a useful restraint on the demands made on Germany.

A much sounder economic reason for self-restraint is that it is in the interests of the world at large, and of the United Nations as a whole, not to impose heavier obligations on Germany than she can carry without serious impairment of her productive capacity. A peaceful and productive Germany serves the rest of the world by providing it with desirable commodities and services at lower prices than those at which they can otherwise be procured. Germany, when she is behaving herself, is, like every other country which engages in peaceful economic competition in the world's markets, a goose which lays golden eggs for other countries. Killing or maiming the goose means accepting a long-run loss for the sake of a much smaller, and possibly spurious, short-run gain.

V

No one can now know in what condition German productive facilities will be when the war ends. Bombing-damage and the destruction caused by invading armies, the extra wear-and-tear resulting from intensive wartime use and from skimped maintenance and replacement and the depletion of raw materials supplies will make Germany seem, and feel, very poor indeed. On the other hand, there has undoubtedly been great expansion of productive capacity in all branches of industry serviceable for military purposes, and much of it — probably very near all — will be convertible to peacetime uses. If a breathing spell is given for relief and reconstruction, there seems to me to be little ground for doubt that Germany's capacity to pay reparations will be substantially greater than it was in the 1920's, as far as German productive capacity in excess of minimum German needs is concerned. And the Germans have learnt much since the 1920's as to ways of keeping production going full-blast and of tapping the product for governmental purposes.

With respect to the transferability of reparations, and also to the German ability to pay for her essential imports of foodstuffs and materials, the situation of Germany may be worse in the early postwar period than it was in the 1920's. Tariffs then were high and rising. Since that time they have everywhere risen still further, and exchange controls and import quotas have been added as even more powerful devices for smothering foreign

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

trade. It is anyone's guess as to whether there is real willingness in any major country to return even to the trade-barrier levels of the 1920's, let alone those of the pre-1914 period, when they were already higher on the whole than ever before. Germany in the 1920's borrowed abroad both to reconstruct and expand her industrial facilities and to pay reparations — and then defaulted on her debts. It seems improbable that foreign money markets will be opened to her this time on a lavish scale for any purpose, or on any scale for enabling her to go through the motions while avoiding the substance of reparations payment. Next time the world will surely see to it that if the reparations requirements are reasonable she shall meet them genuinely; and the unavailability of external financing, even for postponement in good faith, will make things harder for her.

But Germany should this time be enabled, and compelled, to avoid going through the agonies and the destructiveness of a runaway inflation. Taking it all in all, it seems reasonable to suppose that, after a comparatively short breathing spell when restitution of stolen property on as grand a scale as proves feasible will be in order, and when Germany will even be given relief from outside to prevent starvation and to enable her to get on her feet again, she will be able to pay at least as much reparations as the claimant countries — with one important exception — would be willing to accept and absorb into their economies. The exception, of course, is Soviet Russia. Her type of economy gives her practically unlimited ability to accept imports without involving difficult problems of internal adjustment, and in all probability her willingness to accept German reparations will also be unlimited as far as purely economic considerations are concerned.

We may conclude that if the claimant countries can be persuaded to restrict their demands to what they are genuinely willing to accept in the form of imports of goods and services, there will not be, on economic grounds, any need to set additional limitations on their demands. Considerations of a political order, however, point to the urgent need for such limitations.

If the world is to be reasonably harmonious and peaceful the German people must before long be admitted as members in good standing in the family of nations. It will be unrealistic to expect that the degree of coöperation necessary to make this possible and safe will be obtainable from the German people until repara-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

tions obligations have been fully liquidated or at least a definite and early end is in sight.

A people like the German people, abundantly supplied with courage, pride and will-power, but with less even than the normal meager capacity for consciousness of guilt or remembrance of the penalties of past intransigence, will not accept a tributary status without looking around anxiously for means, even desperate means, of possible escape. It goes against all experience to expect that the German people would accept reparations payments as a debt whose default would involve a stain on their national honor. Intergovernmental obligations of less arguable validity have had a feeble enough status as it is, and few of the claimant countries would be in a position to cast stones in this regard. The Germans will carry out their reparations obligations only as long as they believe that the costs to them of default will be greater than the costs of fulfilment, and they will be capable of grossly underestimating the former and grossly exaggerating the latter. No German government will be tolerated by its people which honors its reparations obligations for a day longer than the people take to be unavoidable. And military sanctions in the form of occupation or the threat of occupation of German territory are likely to be the only sanctions, the only penalty for non-compliance, which the Germans will take seriously. In effect, reparations will be collectible in substantial quantities only by resort to force or the threat of force. Whatever may be desirable on other grounds, policing of Germany by the United Nations will be necessary, therefore, so long as she has unliquidated reparations obligations which the creditors insist must be paid. If a world police force under wider auspices than the United Nations were to be set up, it is unlikely that it would relish taking over the function of collection. The prolonged demand for reparations payments may therefore prove a barrier to the organization on a genuinely universal basis of an adequate system of collective security.

If the United Nations wish the German people to have a genuinely democratic government, they will find that acceptance of such a government will depend in large degree on its ability to bring reparations obligations to an end within a comparatively short run of years. The United Nations also may have conflicting interests as to the political complexion of Germany, and these may produce divergences in their reparations policies. It is conceivable, for instance, that neither Soviet Russia nor a leftist

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

postwar England will want to continue for long to impose reparations on a people of similar political complexion. It is conceivable also that Soviet Russia or England may find cancellation of reparations suitable bait to offer to the Germans as incentive for moving in the desired political direction. The American interest in reparations will probably not be much greater than it was after the last war. Of all the major countries, we have the greatest aversion to imports, and the less we have to pay for them the less we like them. Our own territory will not have been devastated and our own people manhandled, and we will not have a strong emotional drive for punitive reparations. The substitution of lend-lease for loans to our Allies will remove one reason for hesitation about pressing them for restraint in their demands.

There will not this time be a powerful France, clamoring for the last extractable mark, unwilling to expend the marks she did receive on the purchase of German commodities, and toying with the idea that default was not an unmixed evil since it might be exploited to justify the reoccupation of German territory. It will be the smaller countries, like Czechoslovakia, Holland, Norway, Belgium, Poland, Greece, who will have the strongest moral claims to reparations and the strongest emotional drive for exacting them; but it will be the military strength of the major powers among the United Nations which will have to be relied upon to do the actual collecting. Their ardor in collecting on behalf of other countries will shrink as passing time weakens both their sympathies for the sufferings of their weaker allies and their anger against the country guilty of inflicting them.

VI

To sum up. To facilitate the return of Germany to the family of nations; to limit reparations to the period in which the United Nations can reasonably be expected to maintain a united front on this question; and to prevent reparations from being an obstacle to the evolution of a sound system of collective security, the reparations bill must run only for a definite period of years. It should certainly not exceed ten years.

If there is merit in the views here expressed, then a program of early action is called for, under two main headings:

1. A United Nations conference should be called in the near future with the purpose of reaching agreement on the main principles which should govern the handling of the reparations ques-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

tion. These principles should include, as a minimum, all of the following:

(*a*) Each of the United Nations should agree that it will not at any time take separate action or conduct separate negotiations with Germany on questions relating to reparations.

(*b*) There should be agreement that no country should be given any claims on Germany on account of reparations beyond the amounts for which that country is prepared to offer guarantees that she will absorb the commodities involved into her economy without disturbance of her normal trade relations with Germany and with third countries.

(*c*) There should be no "punitive" reparations, *i.e.*, no reparations should be imposed on Germany solely for the sake of the injury they render her.

(*d*) All reparations liabilities of Germany should terminate within a short number of years, provided she has met or in good faith attempted to meet all of her prior obligations as fully as practicable.

(*e*) Where the approved demands of the claimant countries exceed the limits of either what it is possible for Germany to provide or what Germany can provide without impairing her long-run productive efficiency, these limits should be made applicable and the allotment of the quantities available and the decisions as to priorities shall be made by joint agreement of the United Nations.

2. A Reparations Commission should be set up by the United Nations before the cessation of hostilities, with the duty of putting into operation the principles previously agreed upon by the United Nations and of recommending, in the light of experience and of representations made by Germany, by any of the United Nations, or by neutral governments, modifications and extensions of these principles.

A program such as this would go far, I believe, toward minimizing the chances that the reparations question would again operate as a serious disturbing factor in international political and economic relations. Conflicts of interest and of purpose would still arise. No magic recipe is offered here for the elimination of all differences. No guarantee is possible that all the decisions made will be wise and dispassionate. But the procedure here proposed will enable decisions to be made promptly when an issue arises, will provide a hearing for all interested parties, and will place the power of ultimate decision in a body with such wide membership that on every question which arises there will be some at least among those participating in the decision who will be able to maintain an objective and judicial attitude. It is not clear to me that any better alternative is available.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

FOREIGN TRADE AND POSTWAR STABILITY

By Sumner H. Slichter

WHEN fighting stops in Europe, steps will have to be taken at once to prevent starvation and to provide tools, machines, buildings, seeds and even breeding animals so that production may be quickly restored. This will require that goods move promptly and in large quantities. The long-run economic interest of most countries also requires that conditions be favorable to international trade. Many countries base one-third or more of their economy on sending goods abroad and getting other goods in return. These countries can obtain a high standard of living only through a large volume of foreign trade. Furthermore, an economy in which new sources of goods readily come into competition with old sources, whether domestic or foreign, will be more dynamic and progressive than one in which old sources of supply are sheltered from the new.

The problem which will confront the world after the war, however, will not primarily be that of reopening old channels of trade and reëstablishing old trade relationships. Nations which were creditors before the war (Britain, for example) will be debtors after it ends; nations which were debtors (India and some South American countries) will be creditors. The distribution of industry will be changed and technological discoveries made during the war promise still further redistribution of industry. Both the needs of nations for foreign exchange and their ability to earn it will be greatly altered. The economies of the world, therefore, will be confronted with the problem of adjusting themselves as smoothly as possible to radically changed conditions. These adjustments will take the form partly of setting new restrictions on trade, either to protect new industries or to conserve supplies of foreign exchange, and partly of encouraging the expansion of trade.

A variety of questions involving the responsibilities and the interests of the United States arise in connection with these adjustments. Is it important to us that adjustments be made by encouraging expansion rather than by imposing new restrictions? To what extent will the form of the adjustments depend upon our own exercise of initiative — upon our willingness to accept im-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

PUBLIC LIBRARY

ports on more favorable terms than in the past or upon our willingness to make available a large surplus of exports on long credits or by direct investment abroad? Will the United States need an excess of imports to check postwar inflation? Or will it need an excess of exports in order to maintain full employment? Are the conditions which are favorable to the expansion of international trade unfavorable to the achievement of internal stability?

These questions must be examined in the light of the several phases of economic development which may be expected to follow the war, even though the pattern of the economic aftermath cannot be predicted with assurance. Three principal periods should be distinguished: (1) the period of shift from war to civilian production, a time when there will be considerable "conversion" unemployment combined possibly with a rapid rise in prices; (2) a "catching-up" period of high employment, lasting roughly five to ten years, based upon deferred purchases, liquidation of surplus savings, and the adjustment of stocks of goods to new high levels of income; (3) a difficult transition from this "catching-up" economy to a self-sustaining economy.

II

Every major war creates enormous shortages, and this one will create far greater shortages than any war of the last century. In some countries, the destruction or removal of large quantities of tools, equipment and livestock is greatly reducing the capacity to produce. In other countries, such as the United States, India and the countries of South America, the capacity to produce is being raised by the war. Even in these countries, however, the shortages will be enormous. The war also is producing a great accumulation of liquid assets. There have been large new currency issues in France and Germany and an enormous accumulation of liquid assets in Britain and the United States. In this country, savings held by individuals in liquid form (that is, in cash, demand deposits, savings deposits, war savings bonds, and reduction of indebtedness) have increased $30 billion since Pearl Harbor, and the rise is continuing rapidly.

The shortages and the accumulations of purchasing power will present problems of international economic policy. The shortages will be far more acute in some countries than in others. The United States will have the greatest ability to supply goods; but

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

it will also have the greatest accumulation of purchasing power — enough to sustain a high level of output for several years at least. How far will the United States and other countries similarly situated be willing to postpone satisfying their accumulated needs in order that countries with more desperate needs may obtain goods? To what extent can the United States help the rest of the world without postponing meeting its own needs? Would help from this country in relieving world shortages materially aggravate the problem of preventing a postwar boom in this country? Would large exports from the United States materially assist us in smoothing the transition from war production to civilian production?

After the first World War the United States greatly helped the rest of the world make up accumulated shortages. Our exports rose from $6.1 billion in 1918 to $7.9 billion in 1919 and $8.2 billion in 1920. In physical volume, exports reached a peak in 1919, when they were roughly one-fifth more than in 1918.[1] The increase in export of agricultural products was particularly great. In physical volume agricultural exports mounted by nearly one-third between 1918 and 1919, reaching a total nearly 54 percent above the prewar figure. The rest of the world helped the United States replenish its stocks of raw materials. As might be expected, the postwar bulge in our imports was smaller and developed more slowly than the bulge in our exports. The physical volume of imports reached a peak in 1920, when it was about 33 percent above 1918 and the same percentage above 1913.[2] The net contribution of the United States to the goods of the world in the three years 1919, 1920, 1921, was $8.9 billion. This includes about $2.3 billion of relief given through the American Relief Administration.

In view of the much greater needs that will follow the second World War, can the United States be counted upon to help on a larger scale — say, to supply a net amount of $15 billion or $20 billion in two or three years? Could we do this without greatly increasing the danger of an uncontrolled price rise similar to the one which followed the first World War, when wholesale prices rose 23 percent between the Armistice and May 1920? At that time the large excess of exports over imports undoubtedly accentuated the speculation in commodities.

[1] In 1920 the physical volume of exports was about 3 percent below 1919.

[2] The dollar volume of imports rose rapidly from $3.0 billion in 1918 to $3.9 billion in 1919, and $5.3 billion in 1920. In 1921, it dropped to $2.5 billion. In physical volume, however, imports in 1921 were only 16 percent below 1920. See *Survey of Current Business*, 1938, Supplement, p. 79.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

PUBLIC LIBRARY

The prevention of a disorderly rise in prices will be more difficult after the present war than after the first World War, unless there is a considerable interval between the end of the fighting in Europe and in the Far East. The need for goods will be greater because the encroachment upon the output of civilian goods is greater.[3] This war promises to be longer than the first World War. The demand for goods will be more impatient when it is over. The increase in liquid assets is far greater. Between 1914 and the middle of 1919 the accumulation of cash, demand deposits and government securities by individuals and non-financial corporations was about $37.6 billion, a total equivalent to 59 percent of the national product in 1919.[4] At full employment (eliminating overtime) and at present prices, the national income would be approximately $125 billion. By the end of 1943, the increase in the liquid assets of individuals will be about $65 billion above prewar, and by the end of 1944, over $100 billion. The accumulation of cash, demand deposits and government securities by non-financial corporations (other than insurance companies) in 1942 was about $10 billion.[5] By the end of 1944, the liquid assets of individuals and non-financial corporations are likely to be more than $130 billion above prewar. If prices are held at present levels, this increase will be roughly equal to the net national product for one year.[6]

Plainly it may be difficult to prevent the conversion of such a huge quantity of liquid assets into goods from producing a spectacular rise in prices.[7] For six or twelve months, while the shift from war to civilian production is being made, while there is con-

[3] About one-fourth of the national product went into the war in 1918. About half of the national product will go into the war in 1943.

[4] This increase was made up of an increase of about $1.4 billion in money in circulation, $14.5 billion in deposits of all banks, and $21.7 billion in government securities. The net national product in 1919 was $64.2 billion.

[5] *Survey of Current Business*, April 1943, p. 18. It is estimated that the acquisition of government securities, currency and bank deposits by enterprises (other than commercial banks) in 1942 was $14.1 billion. Insurance companies and mutual savings banks increased their government securities by about $4.1 billion. In addition, enterprises reduced their indebtedness by $2.8 billion.

[6] The increase in liquid assets by individuals and non-financial corporations during the first World War includes the increase in holdings of government securities by insurance companies and savings banks. The security holdings of the insurance companies and savings banks do not constitute an inflationary threat because they are not likely to be sold for the purpose of buying goods, but unfortunately figures on the increase in the holdings of government securities by insurance companies and savings banks are not available. Hence the above figure of an increase of $37.6 billion in the liquid assets of individuals and enterprises other than banks during the first World War slightly exaggerates the inflationary threat.

[7] For this reason much is to be said in favor of a controlled rise in prices (and wages) during the war for the purpose of diminishing the purchasing power of the holdings of liquid assets and thus of making easier the problem of price control after the war.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

siderable unemployment, and while millions of people are uncertain about their employment prospects, the conversion of this great quantity of liquid assets into goods will occur at only a moderate rate. As people become reëstablished in peacetime jobs, however, they will be eager to spend their wartime savings. At this time, it will be extremely difficult to prevent a disorderly price rise similar to the rise after the first World War. If, to the large and insistent domestic demand, there is added a large demand for export, the problem of controlling prices will be enormously complicated. And yet if other countries are to get goods which they desperately need, the people of the United States must postpone consumption.

This will be particularly true of food. It is true that the supplies of many important food products in the United States after the war promise to be large by prewar standards. Stocks of wheat, for example, are now very high. The carry-over of the four chief exporters (Argentina, Australia, Canada and the United States) in mid-1942 was 1,432 million bushels, more than twice the carry-over in 1939 and seven times the carry-over in 1937.[8] The amount of livestock in the United States is substantially above prewar, and a sizeable increase in hogs is forecast for 1943. The large increase in livestock, however, creates doubts concerning the grain supply that will be on hand at the end of the war, despite the fact that for 1943 restrictions on corn acreage and spring wheat acreage have been removed. Wheat is already being fed in considerable volume to dairy cattle in the East. But even if livestock and dairy products after the war are large by prewar standards, they are likely to be scarce in relation to the huge demand produced by the enormous accumulation of liquid assets during the war and the high level of postwar incomes. Hence the people of the United States must squarely face the fact that they cannot give the help urgently needed in many parts of the world without limiting their consumption of food substantially below their desires. This may not seem like a hardship, particularly in view of the fact that even large net exports of commodities would be compatible with a substantial rise in domestic living standards above the war levels. Nevertheless, for possibly two years after the war the effective control of prices will require that many

[8] League of Nations, *World Economic Survey*, 1941–42, p. 63. About 44.2 percent (633 million bushels) are in the United States and in 1942 the crop here was more than 200 million bushels above "normal" home requirements.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

goods be rationed between domestic and foreign demand. And the more we help the rest of the world, the more necessary it will be that rationing of domestic supplies be continued for some time after the war.

Suppose, however, that fighting ceases in Europe two or three years before it ceases in the Far East. This course of events would greatly reduce the danger of a disorderly rise in prices during or shortly after the conversion of industry to civilian production. The end of fighting in Europe would increase the availability of many supplies of goods by releasing ships and by increasing the efficiency of shipping and would free a limited amount of American productive capacity. Thus, there would be an opportunity to make up the deficiency of goods in Europe while the rationing and price controls still received public support as a war necessity.

Although imports into the United States increased rapidly in the first two years after the first World War, they were only about half of exports. One can scarcely hope that the imports of the United States immediately after the fighting ceases in Europe will equal exports. Nevertheless, the larger the imports, the smaller the danger of an uncontrolled rise in prices. If plans are made well in advance, large quantities of goods (coffee, rubber, hemp, vegetable oils, cocoa, sugar, hides and skins) could be moved into the United States soon after Germany collapses.[9] These goods will be needed to make up for deficiencies accumulated during the war. Even the war-torn countries have greater capacity to export goods than is generally supposed. The fact that a large part of a country's population barely gets enough to eat does not mean that the country is not able to make and export nonessentials. Hence, Europe, despite the disorganization of the war, should be able to supply the United States with substantial quantities of watches, cameras, worsteds, wines, cutlery, gloves, china and porcelain within a few months after the end of German resistance. In fact, since European countries (with some help from the United States and South America) will be able to restore civilian production while this country is fighting Japan, the United States may be confronted with a surplus of imports from

[9] A reduction of submarine sinkings substantially below production of ships is likely to be a prerequisite to military victories in Europe. With such an enormous shipbuilding program in operation, the number of vessels can be rapidly increased within six months after the cessation of hostilities. Attention was called above to the importance of greater efficiency in ocean transportation as soon as convoys become unnecessary.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Europe at the very time that the end of the war with Japan produces severe "conversion" unemployment here.

Many people think that large exports from the United States immediately after the war would help keep down the amount of "conversion" unemployment. To a limited extent they probably would. The export of agricultural products would have little effect in maintaining employment except in so far as it helped employment on the railroads; but the export of ships and machine tools would retard the drop of employment in those industries. It is easy, however, to exaggerate the influence of foreign orders upon "conversion" unemployment. The greatest need for goods in Europe will come while this country is still fighting Japan, and "conversion" unemployment will be most severe in the United States after the end of the war against Japan. Furthermore, most orders for manufactured goods could not be filled until conversion had occurred. At that time they would compete with the backlog of domestic demand.

III

If the reopening of trade is permitted to create a scramble between countries for goods, there will be extreme depreciation of the currencies of those countries where the need for goods is greatest and where the governments are least stable. This depreciation of currencies will further weaken those governments and will retard the restoration of productive capacity.[10] It would be an inexcusable scandal for the United Nations to permit a repetition of the superinflation and political upheavals which plagued Europe for years after the first World War. In order to prevent these troubles, provisional governments must be set up in liberated or enemy territory as soon as military developments permit. Their establishment must not await the final determination of boundary lines or the transfer of populations. The provisional governments must have sufficient outside military support to prevent civil war and to suppress guerilla gangs. With such support they will be able to protect producers, to enforce rationing of goods, to impose taxes in accordance with the limited capacity of the countries, to negotiate foreign loans which will be commitments to permanent successor governments, and to create a reasonable expectation abroad that the area will soon increase its exporting

[10] For example, it will discourage the sale of goods on credit to the countries where the need is greatest.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

capacity — all necessary steps in providing trustworthy currencies.

"Stabilization" of exchanges, in the first years after the war in particular, should not mean rigid relationships between currencies. In contrast with the uncontrolled fall of certain currencies after the first World War, especially those of revolution-ridden countries, there should be a controlled and orderly rise of weak currencies against the dollar, the pound, and other stronger currencies. This means that provisional governments should undervalue their currencies from the standpoint of the long-run capacity of their countries to earn exchange. Provisional governments must have the external support necessary to make them good credit risks; and there must be an agency from which they may obtain loans and to which they may make commitments. Hence, there must be established a strong and well-financed international bank *far in advance* of the cessation of hostilities, ready to make advances and handle exchange problems (including perhaps, temporarily, the rationing of exchange within liberated territory) as rapidly as they arise. This bank should be ready to do business by the end of 1943. Failure to create it promptly will augur ill for the orderly handling of the postwar exchange problem.

IV

After the shift from war production to civilian production has been made, and after the most urgent deferred demands have been met, will the problem of the United States be to avert collapse or control a boom? The answer depends in the main (1) upon the outlook for foreign relations; (2) upon the relations of business with labor; (3) upon the success with which prices are controlled during the war and immediately after it; and (4) upon the policies of the government toward business.

The outlook for foreign relations is unpredictable. If the war does not seem to have been followed by a lasting peace (if our relations with Russia, for example, are bad), consumers, after satisfying their most urgent needs, will be cautious about converting their cash and bonds into goods, and savers will hesitate to invest. The last ten years have seen an enormous growth in the size and strength of organized labor. Business and organized labor are still in the process of working out mutually satisfactory relationships. Much progress has been made, but the acceptance of new responsibilities by both unions and management, necessary as a foundation for business confidence, has not yet been accom-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

plished. Furthermore, industrial strife may be rampant for two or three years after the war, partly because the policy of no-strikes and no-lockouts has caused many unsettled issues to accumulate and partly because the postwar adjustments will create new issues.

The effectiveness with which prices are controlled will affect the level of business after the war because it will determine the purchasing power of the huge accumulations of liquid assets which are being made during the war. If individuals hold $90 billion of liquid assets when the war is over and if these are converted into goods after the first year or two at the rate of $10 billion to $15 billion a year, business will have a powerful sustaining influence for five to ten years.

A particularly difficult adjustment will be created by the heavy budget needs of the federal government which will be two or three times greater than prewar government expenditures and six to eight times its expenditures in 1929. In the twenties the annual budget of the federal government was less than half of corporate profits in a good year. After the war the budget will be three or four times as large as corporate profits in a good year. It will not be easy for the government to meet such huge needs without taking a substantial part of the gains of successful concerns and thus discouraging enterprise.

On the whole, the chances appear to favor a high level of business, at least for a few years, unless the international situation is very bad. The quantity of liquid assets to be converted into goods will be so enormous and the needs will be so great that even serious domestic deterrents to high employment will be overcome for a limited period of time. If the level of business is high, additional conditions making for still larger output will become operative. The quantities of durable goods which the country chooses to maintain are related to the size of incomes. If the level of employment after the war is approximately 55 million out of a postwar working force of 57 or 58 million, the incomes of individuals (at 1942 prices) will be about $125 billion. At this level of income, the country would wish to maintain a stock of approximately 35 million automobiles — 6 million more than we had in 1941. By the middle of 1945, our stock of cars will have dropped to about 23 million. If one allows for retirement of 2.3 million cars a year, an output of 5 million cars a year for four years or of 4 million for six years would be required to enable us to adjust our supply of cars to the demands of a national income of $125 billion.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

PUBLIC LIBRARY
MONTCLAIR, N. J.

The situation with respect to housing and industrial plant is similar. With incomes roughly 50 percent above prewar, there would be a deficit for 1940 of 4 or 5 million dwelling units renting well above the average and representing a construction cost of $15 billion to $20 billion. The normal increase in families produces a demand for $2 billion of housing a year. Consequently, at least four or five years of residential construction at the rate of $6 billion a year would be required to adjust the supply of houses to the number and quality demanded at a national income of $125 billion.

Plant and equipment in most branches of industry would be inadequate. It is difficult for some people to realize this, because their thinking has been adjusted to the subnormal level of expenditures which prevailed during the thirties. With incomes of individuals at $125 billion, the demand for most kinds of consumer goods would be 30 percent to 50 percent above the level of 1940. It is true that the country today is producing 60 percent more than in 1940, but this is being accomplished only by widespread use of overtime and second and third shifts and by employing much high-cost and poorly located capacity.

V

What should be the international economic policy of the United States during the "catching-up" period? Do our interests coincide or clash with the interests of the many relatively undeveloped countries in South America or Asia which need more capital, or with the interests of Britain and other countries which have a balance-of-payment problem? These questions need to be analyzed in the light of three additional questions:

1. Does the United States need to export capital on balance in order to offset a deficiency of internal investment opportunities?
2. Is an excess of exports from the United States needed in order to help the rest of the world develop its resources?
3. Should the United States admit goods on far more favorable terms than it did before the war in order to prevent the development of bilateral trading and discriminatory arrangements and also in order to furnish a solid foundation for the export of capital from this country?

1. One constantly encounters statements that full employment in the United States after the war requires an excess of exports

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

over imports. If the foregoing analysis of the probable balance of favorable and unfavorable conditions is correct, an excess of exports during the "catching-up" period will not be needed. On the contrary, the conversion of surplus savings into goods will cause consumption to be abnormally high in relation to incomes and will cause domestic investment opportunities to be large in relation to the supply of investment-seeking funds. Under these circumstances an excess of exports would aggravate the problem of controlling prices. Especially will this be true in case the shift from war to civilian production has been made without a large rise in prices.[11] Furthermore, an excess of exports over imports during the "catching-up" economy would make more difficult than ever the later and extremely difficult transition from a "catching-up" economy to a self-sustaining economy.

2. An excess of exports from the United States is not necessary to help China, Mexico, South America, or other countries equip themselves with modern tools, machines, and prime movers. All that is necessary is large exports of these articles from the United States. These exports will be large if it is easy for the rest of the world to earn dollar exchange — that is, if the United States is willing to reduce its duties or to do the equivalent. In other words, we can help the world equip itself with American machines, tools, radios, and automobiles by raising our standard of living, by making it easier for Cuba and the West Indies to sell us winter vegetables, pineapples and other fruits, for Australia, the Near East and South Africa to sell us wool, for France and Italy to sell us wines, for Britain to sell us worsteds and china, and so on. For more than 20 years most countries have found it difficult to earn enough dollars to meet their demand for our goods. Recent technological developments (substitutes for silk and wool, synthetic rubber) will make it even more difficult for the rest of the world to earn dollars and will increase the need for reductions in our duties. Hence it is more necessary than ever that the United States reduce artificial barriers on imports.

3. Would it be in the interest of the United States to have an

[11] An excess of $2 billion or $3 billion a year in exports would be only a small fraction of the national output. Furthermore, it would be far greater than the excess of exports in the twenties. In the eight years, 1922 to 1929, inclusive, the total excess of exports over imports was only $4.7 billion — less than in 1942 alone when it was $5.1 billion. In only one year between 1922 and 1929 (1928) was the excess of exports over imports more than one billion. Despite the fact that an excess very small in relation to domestic production might do much good to certain countries it should not be permitted if business prosperity in the United States is threatening to produce shortages of goods and speculative buying.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

excess of imports during most of the decade following the war? Certainly such an excess would help avert a speculative rise in prices during the "catching-up" economy.[12] An excess of imports, however, may not be easily built up, at least so long as the need for goods in various countries is urgent. Countries with great shortages and also countries with ambitious schemes of internal development (and there will be many of these) will be eager to convert their dollar exchange into goods rather than into repayments of debts to us or into investments in the United States. Hence if during the "catching-up" economy this country is threatened with an uncontrolled price rise, stability here (and eventually abroad) will require that we insist on some repayment of debts.

Pressure by the United States for the repayment of debts must not be permitted to encourage the growth of bilateral (or multilateral) discriminatory arrangements in international trade. The temptation for hard-pressed nations to establish these arrangements in the early years after the war will be great. The principal objection to them is not the economic one that in the long run they limit the productivity of industry, important as that is. Rather it is the political one that they provide a fertile soil for international misunderstandings.

The most effective step which the United States can take against discriminatory bilateralism is the acceptance of imports on more favorable terms. Of course, even this step is far from a guarantee against discriminatory agreements. Russia might decide that such agreements are the best way to drive favorable bargains with the rest of the world, just as Germany did during the thirties. Even Britain, confronted with the difficult problem of paying for food and other raw materials, might adopt a policy of discriminatory bilateralism. She has already done so to a limited extent.[13] But although a liberal policy by the United States toward imports is not a guarantee against bilateralism, a restrictive policy by the United States would unquestionably force the development of a network of discriminatory agreements. If we desire international trade to be open to all nations on equal terms,

[12] If the shift from war production to civilian production is made without a large rise in prices and a subsequent collapse, the United States may find it wise to plan on a moderate rise in prices during the "catching-up" economy — say, a rise of about 30 percent in ten years. This might be a convenient way to enhance business profits and help enterprises bear the heavy postwar taxes, and it would also be equivalent to cancelling a substantial part of the national debt.

[13] Point IV of the Atlantic Charter is carefully worded to permit this.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

we must spread hope and opportunity throughout the world by accepting imports more freely than in the past.

The policy of encouraging imports into the United States may be accomplished partly by extension of the Hull program of reciprocal tariff concessions, but in the main through the establishment of low prices of foreign currencies in terms of dollars.[14] Since currencies adjust themselves to each other more readily through a rise in prices in countries with undervalued currencies than through a fall in prices in countries with overvalued currencies, the proper relationship between the dollar and other currencies would gradually be established by a rise in prices in foreign countries. Thus the balance of trade between the United States and the rest of the world would be changed in relation to prewar levels in favor of the rest of the world. The volume of trade between the United States and the rest of the world would be raised far above the prewar levels. The willingness of the United States to pursue this policy would depend upon the state of our domestic economy — upon whether expansion here is vigorous. Thus the success of this country in promoting nondiscriminatory international trade will depend upon our success in encouraging enterprise at home.

VI

The shift from a "catching-up" to a self-sustaining economy will be more difficult than the shift from a war economy to a peacetime economy. By that time business will have lost the extra support which comes from consumers' expenditures that are abnormally high in relation to incomes. The repercussions of a severe collapse within the United States would be world-wide. Hence all countries have an interest that the shift be made smoothly.

The main contribution that international economic policies can make to an orderly shift from a "catching-up" economy to a self-sustaining one is to prolong the "catching-up" economy and to make the shift more gradual. If the return on investments sinks very slowly, savers will accept smaller and smaller returns without deferring investment. If returns on investments change abruptly, savers will hold back in order to appraise the situation. This will precipitate a downward spiral. If economic and political conditions in the United States are on the whole favorable to

[14] Special adjustments of some debts owed us in dollars may be necessary.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

URBANA, ILLINOIS

business, a variety of controls and incentives will be needed to restrain the rate at which savings are converted into goods. The effectiveness of these controls will break down if people expect prices to rise at a rapid rate. The availability of large supplies of goods from abroad will help keep prices down. This seems to be the greatest contribution which foreign trade can make to the shift from a "catching-up" economy to a self-sustaining one.

VII

What are the long-run interests of the United States toward foreign trade? What special policies should this country pursue after consumption and income have returned to a normal relationship and the price level and the volume of production have become adjusted to the great increase in demand deposits brought about by the war?

After the United States has shifted to a self-sustaining economy, will it need large exports of capital in order to make possible a high level of employment? This might possibly be the case. As was indicated above, exports of capital will not necessarily require an excess of commodity exports over commodity imports.[15] Nevertheless, one cannot regard exports of capital as a particularly satisfactory way of dealing with the problem of investment opportunities. The volume of investment opportunities is determined by a multitude of circumstances, some of them within the control of public policy and others beyond it. Likewise the proportion of incomes which are saved depends upon a multitude of conditions. Many of these, but not all of them, can be controlled. An inadequate supply of investment opportunities is a signal that the country needs to explore the possibilities of altering public policies for the purpose of either increasing the propensity to invest, diminishing the propensity to consume, or increasing its exports of capital. Decisions should be based upon a weighing of these alternatives. Certainly schemes for exporting capital on a doubtful commercial basis should not be permitted to cause neglect of desirable internal adjustments.

The United States, in common with most other countries, has

[15] The United States might be investing $3 billion abroad each year by the exportation of capital goods and it might be receiving $3 billion in consumers' goods from abroad in payment of interest and dividends. Of the $3 billion received from foreign investments, perhaps $1 billion would be saved and the other $2 billion spent for consumer goods. Thus old foreign investments would be adding $3 billion a year to our supply of consumers' goods, $2 billion a year to our demand for consumers' goods, and $1 billion a year to our saving, and yet new foreign investments would be providing outlets for $3 billion of savings a year.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

an interest in arrangements for the orderly adjustment of foreign exchange rates to the changing competitive position of different nations. During the nineteenth century, changes in the competitive power of nations expressed themselves through upward and downward movements in their price levels. This made it possible to maintain fairly stable exchange rates, at least for moderate periods of time. Movements of prices, at any rate downward movements, have lost much of their availability as regulators of the competitive position of nations. Consequently, it is necessary to rely upon movements of exchange rates. It is important, however, that adjustments in exchange rates be made by an orderly process. Nations with persistently weak currencies should not be permitted to depress them arbitrarily or by unilateral action. Furthermore, nations which persistently incur credit balances should recognize their responsibilities toward the rest of the world and should be required to consider the advisability of admitting imports on more favorable terms.

This is not the place to discuss the mechanism by which these objectives might be achieved. Warning should be given that shifts in exchange rates can only to a limited degree correct the competitive position of nations. Currency depreciation, for example, cannot be an adequate remedy for extreme conditions which make investment funds shun a certain area — conditions such as persistent internal disorder, unwise tax policies, attempts to impose more social security on a nation than its economy can stand, a labor movement which appropriates too completely and too promptly the gains of enterprise. Conditions such as these can be met only by direct reforms.

Among the nations of the world, few can have more interest in freedom of trade than the United States. If we could look at international trade as citizens of the world (say as members of the United States of the World), most of us would be opposed to restrictions by individual nations, just as most of us are opposed to the imposition of restrictions on interstate commerce by the several states. This opposition (which is by no means universal) springs from the fact that most of us have been conditioned to look at trade between the states from the national point of view.

No nation, of course, is capable of taking a world view of interests. Consequently, different nations, depending upon their economic circumstances and upon the nature of their political and military ambitions, prefer varying mixtures of restriction and

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

AURORA, ILLINOIS

freedom. Some nations prefer a certain amount of diversity in their industries, and are willing to accept a lower standard of living in order to obtain it. The United States is so large and contains so many varieties of resources and of climate that it is not compelled to practise a policy of restriction in order to get industrial diversity. In this respect we are one of the most fortunate nations of the world. The policy which we pursue, however, affects the interests of other nations. If we pursue a policy of freedom, we make the policy of freedom more attractive to other countries because we make it easier for them to profit from their peculiar superiorities of skills, resources, and climate. Thus our decision is of great importance in determining the mixture of restriction and freedom which characterizes the trade policies of the world.

It is fair to assume that the United States wishes a world in which hope for the future tempers the disappointments and hardships of the present, and in which the spirit of political rivalry is checked by new economic opportunities. It is an essential characteristic of a world of hope and opportunity that the New (new products, new enterprises, new occupations, new sources of supply) be in a favorable position to compete with the Old. All restrictions on trade are in the last analysis impediments to the New. If the United States wishes to build a world of opportunity and hope, it should strive to make international economic policy a mixture in which the element of freedom greatly predominates over the element of restriction.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

NEW CHINA'S DEMANDS

By T. S. Chien

NO other nation will cross the threshold of the postwar world in quite the same mood as China. For China is a new nation, with a new attitude. That is the cardinal fact to be borne in mind by everyone who seeks to understand her or to appraise her future course.

The Chinese have had more than two centuries of unbroken contact with Western nations and Western civilization. But it was not until the time of the Russo-Japanese War that the Chinese people, the Court and the literati saw what the West meant for them. They saw that a rapid process of westernization had transformed Japan and had made her mighty. They perceived the concept of nationhood, and saw that the political entities called Great Britain, France and Germany were nations but that the Chinese Empire was not a nation. In the sixties and seventies they had realized that the firearms, fire boats and fire wagons of the Westerners were better instruments for killing than any which they possessed. Now they saw that Western civilization had many other elements of strength and even refinement lacking in the traditional Chinese civilization. Prior to the Russo-Japanese War, Dr. Sun Yat-sen's call for the overthrow of the Manchu régime and an advance toward nationhood fell on deaf ears. But when that war thoroughly shook up Chinese complacency Dr. Sun began to recruit followers from among the literati and elsewhere in great numbers.

This belated dawning of national consciousness cost China dearly. The delay gave her immensely greater difficulties in attaining freedom and unity than Japan had faced. It brought her more suffering. She finally had to pay the price of a long and devastating war before her own people and other states admitted that she was a nation. The National Government which the Kuomintang set up has had to devote virtually all its energies to the single purpose of achieving that nationhood, neglecting almost all the other goals that were equally precious to Dr. Sun.

The Sino-Japanese war of 1937 was the most important single event of China's coming of age. It can be expected to exert an altogether disproportionate influence on the Chinese attitude toward peace and the new world order. The new nation will be

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

conscious of possessing undreamed-of force and strength. She will insist on meticulous equality of treatment in her dealings with other nations. She will be jealously watchful of her full sovereignty and freedom of action. The older nations may be ready to accept a degree of international government and restricted sovereignty; the new Chinese nation may behave chauvinistically. Perhaps the attitude of the resurrected Poland after the First World War is an instance of what is to be expected from China.

China gained nationhood only after long years of frustration, and nobody will find it surprising if New China looks with a suspicious eye on the nations which so recently dominated her. Foremost among these nations are the Japanese Empire, the British Empire, the Soviet Union and the French Empire (if it is restored).

It seems hardly necessary to list the reasons why China will be suspicious of Japan. She will wish to see her relegated to the status of a weak nation, militarily and economically. The British Empire is suspected because of its traditional use of the system of balance of power in maintaining its predominance and because of its territorial interest in lands bordering southwest China. The Chinese continued to think of the Anglo-Japanese Alliance with dread long after its demise; nor did the regret which they heard expressed for twenty years in powerful British circles over the abandonment of the Alliance add to their peace of mind. The Chinese cannot help knowing that if the British do again resort to the system of balance of power in the Far East, it will be because they feel that China, destined to be the principal Power there, must be held in a state of suspense. The British Government has not expressed a readiness to relax its hold on Tibet, a Chinese territory, or on Burma; nor has it ever declared itself in favor of the full restoration of Manchuria to China. Does it intend to make use of China's rich and fertile alienated provinces in a continuation of the balance-of-power game?

China watches the policy of the Soviet Union with great uneasiness. The support that Russia may give to the Chinese Communist Party is always a source of anxiety. The status of Mongolia is an exasperation. The Soviet Union clung tenaciously to the interests which Tsarist Russia had acquired in North Manchuria; then in 1934, under threat, it sold or otherwise ceded them to Japan. That did not help to correct the impression that Communist Russia, too, is capable of imperialist manœuvres.

These various suspicions could be removed, and China hopes

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

they will be. But given China's jealous regard for her newly acquired national status, it would seem unrealistic to expect her to show a high degree of international-mindedness after the war. She will come to the peace table young and perhaps with a chip on her shoulder.

But other factors will come in to influence her attitude, and they are saving ones. Perhaps it is a virtue and perhaps it is a defect, but the Chinese mind, both in the individual and in the race, has a fundamentally defensive slant. That peculiarly Chinese weapon, the boycott, illustrates it. The refusal of a community to buy from and sell to the nationals of an offending country is essentially a defensive weapon. When other peoples are gripped by the kind of feeling that leads the Chinese to resort to a boycott they are apt to riot or indulge in some other form of violence. But the Chinese do not; they choose the more passive form of self-protection. The Chinese soldiers, officers and men alike, are good fighters. They nevertheless make a better showing in defense than in offense.[1] At any rate, the Chinese people are not impetuous. Chinese history is not without grandiose external exploits, but one observes that the empire builders came almost always from foreign races. Genghis Khan is an example. The early Manchus did much to expand the Chinese domain, but when the Mongols and the Manchus were absorbed by the Chinese they ceased to be empire builders. The greatest imperialistic Chinese was Chin Shih Huang Ti. Yet he consolidated only what was already Chinese territory, and after the consolidation he built the Great Wall to ward off the more martial Hsiung Nu people instead of undertaking to subjugate them.

In foreign affairs China has always moved cautiously. We need not dwell upon the anemic policy of the later Manchus and of the earlier Republican days. The Kuomintang proclaimed a bold foreign policy, demanding abolition of the unequal treaties rather than revision of them through negotiation. In practice, however, the National Government has pursued the policy of negotiated revision. In China's own self-interest and for the sake of consistency in the Party program a strong policy seemed called for time and again; but it was not forthcoming. One would have expected China to declare flatly in favor of universal disarmament and in favor of international aid to victims of aggression, such as Ethi-

[1] Perhaps this opinion will have to be revised when China's armies get equipment for offensive warfare.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

PUBLIC
AUTHOR

opia in 1935 and Loyalist Spain in 1937–39. But the major League Powers were in favor of a program of appeasement. China took her cue from them and refrained from speaking out. In the early years of the Sino-Japanese war the behavior of Italy and Germany was revoltingly unfriendly. Self-respect demanded that China denounce them at once. She should have declared war on Germany on the outbreak of the war in Europe; but Britain was cool toward such a move and China did nothing. Caution has always been the watchword of Chinese foreign policy. It will indeed be a spectacular development if the Kuomintang Government breaks with that age-old tradition.

In brief, China's policy in the peace will emerge from a conflict between opposite attitudes — the traditional one and the new one. As a result, that policy may shift from day to day. Outside factors will, it seems clear, supply the determining influence.

II

Discussions in America today about what is to be done after the war center on the general subject of world peace and the creation of a world order. Americans do not feel called upon to consider how to safeguard their national interests in the narrow sense of obtaining more fair boundary lines or achieving security from a particular neighbor. The Chinese, on the contrary, are absorbed in the question of how to fulfill their national aspirations and how to secure protection from further attack.

Chinese aspirations and demands are likely to cluster around four main themes: security against aggression; restoration of lost territories; opportunities for national economic development; and the acquisition of a position of dignity among the nations of Asia.

As we have noted, the nations that have done most in the past to endanger China's existence are Japan, Russia, Great Britain and France — in the order given. At present all are China's neighbors. Since Great Britain is an ally, and since her colonial policy is expected to undergo radical changes, and since France's military power is likely to be negligible in the near future, British and French threats to China may be considered no longer to exist. In the case of the Soviet Union, much depends on how the war in the Far East is to be terminated.

The situation in regard to Japan is simpler. Japan will be defeated. As a condition of peace China will insist that she be completely disarmed. China is also likely to ask for penalties and

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

reparations. She will need the former to prevent Japan from remaining an industrially more advanced and therefore militarily stronger power; she will need the latter as an aid to her own recovery.

Even when these demands for disarmament, punishment and reparations are satisfied, China will still live in mortal fear of Japan's sudden recovery in the Nazi fashion. She also will have the Soviet threat in mind. For security against danger from without, then, China is almost sure to propose a Far Eastern security plan, with Great Britain, the Soviet Union and the United States all participating. It will be the United States whom China will trust as the principal guarantor. If this plan is accepted by all, China's demands on Japan may be softened; if it is rejected, they will be more harsh.

What territories will China want returned? Before the Chinese Empire began to disintegrate in 1842 it was an immensely greater country than China is at present. It would be neither practical nor just for China to ask the return of all territories ceded to other countries (for instance, the Amur region, now a part of the Soviet Union) and of all tributary states now owing allegiance elsewhere (for instance, Burma and Indo-China). Fortunately, China is not in so jingoistic a frame of mind. What China will firmly demand is, first, the Chinese-inhabited territories snatched away from her by Japan since 1874, and second, full and undisputed control of Tibet and Outer Mongolia.

In the first category fall those islands of the Lu Chu group which are inhabited by the Chinese, and both Formosa and Manchuria. Formosa was a Chinese province before it was taken by Japan. Its inhabitants are still predominantly Chinese in spite of Japan's indefatigable efforts at colonization. The population of the Manchurian provinces is almost purely Chinese, and during all the years while they were under enemy occupation the National Government of China never failed to maintain skeleton governments for them. China will feel that a denial of her claim to these areas will be tantamount to questioning her right to free national existence. Such a denial would set the stage for the kind of bitter strife which filled Europe during the past century.

Tibet and Outer Mongolia present a more complicated problem. During the Manchu dynasty they were integral parts of China. They have remained Chinese territory. Even at the height of British influence in Tibet, in the years immediately following

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

the Revolution in 1911, the British continued to accept Chinese suzerainty over that area. The Soviet Union has repeatedly acknowledged Chinese suzerainty over Outer Mongolia and did not repudiate it at the time of the Soviet-Japanese Non-Aggression Pact in April 1941. In that Pact the Soviet Union induced the Japanese to declare for non-intervention in Mongolian affairs. But Outer Mongolia has become an independent People's Republic, ostensibly by self-determination. The Tibetans have likewise been reluctant to return to the fold.

China believes that if British and Soviet influences are lifted from Tibet and Mongolia, neither province will insist on remaining a separate entity. China has consistently avoided raising the issue of either Tibet or Mongolia, because of the imperative necessity of keeping on the friendliest terms with both Great Britain and the Soviet Union. But it must be raised at the end of this war. China will then expect both Powers to facilitate her assumption of undisputed control over these areas.

Next to security and territorial integrity, China wants an opportunity for rapid and unrestricted economic development and the means for achieving it. She hopes to be exempted from the application of certain general economic arrangements; she also hopes that active economic help will be given her.

China is in full accord with the principles of free trade as embodied in the Atlantic Charter and as repeatedly enunciated by Secretary of State Hull. But she is also aware that the major nations with which she will have economic dealings are all her seniors in economic development. Free and unrestricted trade, including the equal access to resources, may be a perfect blessing to them but may conceivably work great hardships on her. She is inclined to ask for safeguards. Many Chinese believe that for ten years following the war China should levy protective duties and take other steps to give her infant industries a chance to prosper.

But such measures as protective duties alone will not be sufficient to put Chinese industries or agriculture on a firm footing. The Chinese will be most anxious to get assistance from the more industrialized nations, especially the United States and Great Britain. China needs capital, machinery and technical services. Her attitude on all major international questions will depend upon whether she gets them. Once she has them, her attitude toward Japan will be less harsh, her fears and suspicions of her neighbors can be largely removed, her absorption in her own affairs will

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

lessen. She herself has not as yet any clear idea as to the form which the assistance should take. Perhaps it should be given as a collective enterprise of the new world organization. Perhaps it will come through agreements with the individual nations interested. Come in what form it may, China must have it.

The new Chinese nation will be sensitive, for a brief period at least, and not without vanities. The fourth group of aspirations and demands is related to the status of her nationals abroad and to the status of the tributaries and possessions of European Powers on her borders.

There are some eight to ten million Chinese abroad. Of these, nearly 90 percent are located in the Indonesian possessions of Great Britain, France and the Netherlands and in Siam and the Philippines. Before the Japanese invasion, they suffered varying degrees of discrimination and maltreatment. Even in peacetime the mother country felt the greatest anxiety for their welfare. For more than two score years they have contributed generously first to the party chest of the Kuomintang and then to the war coffers of the National Government. Their property and business are now shattered by Japanese invaders. When the war ends, China can only insist on their receiving the same treatment accorded to the nationals of the most favored nation in those areas, both as regards civil liberties and in the economic sphere.

The status of Korea, Indo-China, Burma and some other border states is a matter of concern to China. She does not covet any of them — that would be against the principle of nationalism. But she cannot look upon their continued subjugation with equanimity. That some of the subjugators are her allies adds to the complexity of the question. She has no intention of embarrassing any of her allies, still less of forcing a particular solution upon them. Nevertheless she would rejoice if some general formula could be worked out whereby the border states would receive an assurance of early independence and she herself would be given a part in guaranteeing it. Such a procedure would give China a position of dignity in the eyes of the smaller Asiatic nations and should not bring her into conflict with the possessing nations of Europe.

III

In matters not affecting her direct national interests, China is less articulate, less certain, and is liable to be opportunistic.

The Chinese are indifferent as to the form of a possible world

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

organization. Whether it is to be a loose league or a firm confederation does not interest them greatly. Their principal concern is that in this new set-up they shall enjoy a position of equality with the other Powers. China is aware that if the representative body of the new world government were based on population, she would have a dominant voice in it, but she knows that that would not square with the realities of the situation. But she has no alternative to propose. She is not too eager to see large executive powers granted to the new world government, not being quite free from the fear that the great nations may use their strength to the detriment of the weaker ones — China included. A note of inconsistency can readily be detected here. Is China in fact one of the weaker nations or one of the great ones? She cannot be sure herself. She favors a strong international court of justice. She is genuinely interested in the question of sanctions, remembering that it was due to the lack of effective sanctions that the League of Nations failed to check the forces of aggression which made her the victim of this devastating war. She would welcome strong ones — if she were sure that they would not work to her detriment.

Until China is sure of her own position she will, inevitably, be self-centered and without interest in matters which do not affect her immediate national future. Even on the subject of natural resources, which will soon be of great consequence to her, she is inclined merely to talk platitudinously and to echo what is high sounding. She does not care to go into any scheme very deeply. The Chinese are deeply interested in the manner in which Powers having colonies in the Far East may modify their colonial policies. But that the colonial system in Africa is even more complicated and may prove more fruitful of other wars means little to her. If it is the distinguishing mark of a mature nation to accept the maintenance of general peace and order as its duty, and to consider that its particular national interests are adequately safeguarded when there is general peace and order, then China has not yet come of age. Her chief concern is for her own security and for the possibility of her own growth. She is not thinking of the welfare of the commonwealth of nations as a whole.

IV

If China were to adopt the attitude outlined above toward the problems of peace she would harm both herself and the community of nations. It would imply that she was set to pursue the

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

disastrous course of excessive nationalism that most great nations of today have followed in the past. It would mean that the other nations of the world which are trying to base the peace on a solid foundation of universal concord were to be deprived of China's full coöperation. Fortunately there is as yet nothing fixed and immutable in China's policy. What has been said above represents only probabilities. China's attitude is subject to changes.

Because China has said little about her policy toward peace in general and the postwar world order there have as yet been few occasions for criticism of it. There has been some criticism, and it has had some effect. But criticism alone will ultimately be of little avail. Receptiveness to criticism has been a traditional virtue of the Chinese race; what China looks for today, however, is action which will satisfy her legitimate aspirations. Criticism of her nationalistic attitude without such action will only increase her suspicions. Weak, China wants to be stronger; poor, China wants to be richer. Chinese territories have been taken away from her; she wants them restored. In these and similar aspirations she sees nothing wrong, and seeing nothing wrong, she cannot but be wary of those who seek to wave them away by words. To be effective and fruitful, criticism of whatever dangerous tendencies she may have in embryo must be supplemented by action meeting her just demands.

There need be no insurmountable difficulties in dissuading China from embarking upon an ultra-nationalist course and in inducing her to strive wholeheartedly for the cause of world peace and order. She waits for the leaders of Great Britain, the Soviet Union and the United States to prove to her, first by some friendly gesture, then by concrete deeds, that her legitimate aspirations for full nationhood are recognized. Once she is sure they are, the world will not need to depend on the defensive mentality of the Chinese people and the traditionally cautious nature of Chinese foreign policy to hold wilder Chinese ambitions in check. Once China's fears and suspicions are removed, the more liberal and idealistic forces of the nation will be able to harness their people's instinctive love for peace, justice and universal brotherhood to the task of establishing a lasting world order. A commonwealth of the world was Dr. Sun Yat-sen's highest ideal.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

PUBLIC LIBRARY
AURORA ILLINOIS

PROBLEMS OF INVASION AND OCCUPATION

By Karl Brandt

IN the war's fourth year the United Nations have at long last arrived at the point where they face major tasks of handling territory wrested from the enemy. Russia's winter offensive brought back to her control vast stretches of twice-scorched land. In French North Africa, Tripolitania, Libya, Madagascar, parts of New Guinea and various smaller islands in the South Pacific the problem of controlling and restoring economic life behind the fighting fronts has already been presented. Yet in comparison with what lies ahead for the American and British expeditionary forces these liberated colonial territories were merely fields for experiment. Despite the peculiar difficulties they have presented their economic weight in the world is relatively small.

In the United States and Britain the preparatory work of economic research, planning and training of executive personnel for the administration of foreign economies is rapidly assuming imposing proportions.[1] Doubtless a great deal of similar work is being done in Soviet Russia, though independently of what is going on in the United States, Great Britain and Canada; also, it probably is of a different nature, since presumably it deals essentially with the problems in repossessed Russian territories.

Since the research and planning connected with this intelligence work is under the direction of the office of the joint chiefs of staff, much of it is veiled in secrecy. To protect the war's greatest military secret — the place and time of the successive invasions that lie ahead — the assignment given those planning for the occupation of liberated and enemy territories covers the entire European Continent, all the lands overrun by Japan, and Japan proper.

Not even the Germans, masters in meticulous planning, could be better equipped for systematically preparing the concrete details of invasion and occupation than are the Americans. The writer's earlier familiarity with the organization, methods and work of the German economic general staff, and ten years of observation of economic planning and research in the United States, put him in a position to make a comparison and state the

[1] *Cf.* Colonel Herman Beukema, "School for Statesmen," *Fortune*, January 1943, and editorial, "Prepare to Occupy," *Fortune*, February 1943.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

foregoing conclusion. But for a variety of different reasons, the occupation problems will be more complex for the United Nations than they have been for the enemy. The reasons are only in part technical. The central ones consist of the moral obligations assumed by the United Nations and the intangible values for which they fight.

II

When the military government of the United Nations takes control in the major areas concerned the totalitarian Powers will have ruled there for several years. The methods used by the Axis officials, both good and bad, and the degree of success they have achieved, deserve our keen attention. We must not think that because there was brave opposition in many countries the Axis rule was ineffective.

That rule was based first of all on thorough knowledge of economic conditions. For many years the Axis nations surveyed in detail the foreign territory which had been marked for conquest. This economic analysis did not even require espionage. It was done, with the friendly coöperation of the future victims, by a host of travellers, traders, engineers and members of the economic general staff. Along with this thorough planning went the training of personnel for specific assignments. Efficiency of operation was ensured by the complete coördination of activities under a single head and the delegation of a maximum of executive power down the line to the last occupation engineer and clerk. The United Nations can duplicate these fundamentals of success if they devote a similar amount of talent and energy to the job. But it is far more difficult for them to gather the preliminary information, of course, since their economic intelligence must rely on prewar data, air reconnaissance and estimates and conjectures, with some help from exiled nationals.

The enemy has one great administrative advantage. The Nazis and the Japanese know exactly what they want to do: each wants to create and hold a huge economic empire, big enough for complete autarchy and conceived as an independent sphere of power. They rule by force and recognize only one principle, success. Both régimes stripped themselves of all psychological impediments, such as respect for the desires or the lives of conquered peoples, of moral or humanitarian obligations, of respect for any existing political or economic structure. They function with the

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

discipline of an army. Their economic realms are completely centralized. Berlin and Tokyo give orders. Orders are obeyed.

The most fanatical exponent of a perfectly planned economy could not ask for a more ideal administrative set-up than that under which the fortress economies operate. Capital, industrial plants and raw materials are subject to orders that may move them in any direction, employ them any rate, or lay them idle. Manpower, skilled or unskilled, male or female, can be drafted and deported to wherever it may be wanted. Prices for any item can be fixed or juggled at will, openly or by ingenious methods of concealment. Costs within the ordinary margin of business calculation can be disregarded. The profit and income motive is still utilized as the most powerful incentive, but it is sharpened by coercion. The Japanese administrators, or the members of the *Wirtschafts-Stäbe* of the Nazis, can deny food ration cards to their slaves or their slaves' families. They can separate, deport or imprison them or have them tortured or shot. They can promote or bribe those who obey and collaborate.[2]

We do not want or intend to organize so fiendish a system. We fight to destroy it. But we should study it carefully for the diverse lessons which it teaches.

We must not discount the enemy's geographical advantage. The Germans, particularly, have made the most of their strategic location in the center of the European Continent. They spread over the surrounding countries like soup bubbling over the rim of a pot; but they spread through the medium of a unified continental railway and trucking system operated from highly efficient strongholds. When the United Nations invade the Continent, the value of that central position will become clear. Unless gigantic air raids make the center untenable, the Germans will gradually abandon one outlying bastion after another, slowly retreating into the inner fortress, bequeathing to the United Nations more scorched earth, ruined cities, depleted railways, and millions of destitute people. As the air attack on their vital centers becomes more harassing, they will strengthen their flak and fighter protection.

To pretend that the Germans do little more than pilfer and strip other nations clean is a dangerous delusion. If they had not

[2] Dutch farmers who are willing to go into the Ukraine or other parts of occupied Russia become managers of collective farms, or obtain large tracts of land as gifts. French, Belgian, Dutch or Danish engineers can find good jobs in many parts of Europe for the asking.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

done more, they would now be at their wits' end. The reality is, of course, that agriculturally and industrially, in transportation and in trade, they have reorganized and utilized the productive resources of the Continent.

III

The invasion of Europe and the invasion of Japanese-held territory are both shipping propositions. The vital centers of the economic power of the United Nations lie in the British Isles, in Central Russia and above all in North America. And Russia has been so weakened that she herself requires continuous aid by sea. The shipping situation will become tighter when the battle for the Continent starts, even with the Mediterranean passage swept clean and even if the U-boats can gradually be mastered. If the invasion armies must continue to rely exclusively on transatlantic shipping after they have won the bridgeheads, then the war in Europe might go on for several years.

In other words, the United Nations need the products of the farms and factories of the Continent as badly as the Nazis did when they launched their campaign. The United Nations are not short of raw materials. But their geographical position requires an extreme effort in shipbuilding which competes directly with their production of food and arms. They therefore must seize and utilize resources inside the Continent as soon as possible.

Instead of considering European productive resources in connection with "relief campaigns" we should covet them as an aid to early victory. Even if we were able to ship every ton of food, fuel and ammunition required by the expeditionary armies we should still need the products of Europe's farms and factories to make our occupation a success. Our invading forces will liberate millions of people who are our allies in thought, prayer and hopes. The United Nations have no desire to weld an empire by conquest; but they have already assumed responsibility for the life, health and rehabilitation of these victims of tyranny. The combined resources of the United Nations are hopelessly inadequate to feed and clothe them all. Aside from our obligations under the Hague Convention of 1907 and apart from our plain humanitarian duty, we must rehabilitate the economy of occupied areas for the sake of our own fighting forces. The alternative is widespread unemployment and industrial anarchy behind our lines. An army with chaos at its rear soon becomes demoralized.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

If we can prove that we can help the unfortunate people of Europe resurrect their economy we shall win all of them over to our side. The emphasis placed here on this point may surprise those Americans who are convinced that everybody in Europe is frantic to see the United Nations win. It is not safe to take it for granted that because all the people in Europe want to get rid of the Nazi tyranny they will join our side immediately and unconditionally. One heritage of the years of torment in Europe will be a bitter skepticism of every man's motives. Some will ask whether the United States, Great Britain and Russia, with their large-scale economies, do not offer just another type of forced salvation. We must remember that the centripetal forces of Europe are still incredibly powerful.

It is vital that nothing be done by blackjack methods, even if they promise temporary success. The United Nations will defeat their own ends if they do not mobilize the forces of voluntary coöperation in all nations which come temporarily under their rule. This requires political tact. Our administrators must be men of first-rate caliber. "C'est le ton qui fait la musique." What the wrong tone may do to the relations even between states of the same federal union is suggested by the strength of the feeling which still exists in the South against Northerners after almost three generations. Most of it derives not from the actual fighting but from the way military occupation and reconstruction were handled.

IV

Our military commanders should have the problems of reconstruction in mind while they are planning the assault and while the battle itself is being waged. We must not leave it entirely to the enemy to determine what must be rebuilt.

From a professional soldier's point of view it may sound absurd to suggest that on top of the colossal work of fighting the battles of the machine age, officers and men should be asked to anticipate the economic results of their strategy and tactics. Yet we must ask them to do just that. Military needs must of course be satisfied first. Obviously one of our major military objectives is the destruction of the enemy's staying power. Not only armaments factories, blast furnaces and chemical plants, but transportation systems, power plants, water works, warehouses and a myriad of plants of different types are proper targets for bombs and shells.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

In total war, all industry feeds the fighting front. Yet we must immediately rebuild at least a part of what we have destroyed. We can be sure that the enemy will do his best to demolish what could be of use to us. But he will do that only when he has time for it. His retreat went so fast in the intensively cultivated parts of southern Tunisia that they were left almost intact.

Our command should know the major economic installations in the enemy's area and be aware of their value for our occupation economy. It should spare the most valuable ones from destruction, in so far as alternatives in tactics offer themselves. And it should distract the enemy as much as possible from their demolition. Even during the First World War the German economic staff guided the action at the front, particularly in the East, in order to bring into German hands valuable stores of raw materials as well as other important objectives. In this war the German tactics have been designed with the greatest skill toward the capture rather than the destruction of key resources. It is possible that incessant bombing of German industry may so weaken German resistance that the industrial areas of neighboring states may be spared from being turned to rubble in slow warfare between ground forces. The chiefs of staff probably are weighing economic as well as military considerations in deciding which parts of the Nazi empire are to be broken off first. Mechanized mobile warfare will offer opportunities for avoiding the demolition of the most productive areas of Europe outside of Germany.

V

If by good management and good luck many of the industrial plants and most of the farms of Europe come into our hands undamaged, the real task will be to get them producing quickly. Obviously Europeans must do the work. We can't even staff the factories with managers in the time available. And it must be emphasized again that speed in reorganizing them is essential: we need their products and we must stave off the corrupt political manoeuvring which a disorganized economy invariably brings.

A first task of the occupation command will be to establish the legal and administrative framework within which a system of economic reorganization can operate. The commanding general should seize complete economic control as soon as the first bridge-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

head is gained and delegate this power to his staff of military governors. They must at once seize the "commanding heights." These are the central controls of the productive and distributive functioning of the national economy: (1) money and banking; (2) transportation; (3) communications — radio, telegraph, mails; (4) public services — light, gas, water, sewage, sanitation; (5) fuel and power; (6) agriculture; (7) industries and handicrafts; (8) manpower; (9) distribution of goods, prices, rationing, policing of the market; (10) medical services and public health.

Whether some of these departments are combined or further subdivided is merely a matter of expediency. The important thing is that a staff of specialists for each of these fields be at hand on the day the second front is opened. It is immaterial whether they wear uniforms or civilian clothes. It matters tremendously that they are prepared to tackle the job instantly.

The job for these experts is to frame the emergency regulations which will become the law of the land upon decree of the military governor or high commissioner of occupation. The work must be done on the spot, not with blueprints drafted 9,000 miles away. The more astute the psychology which inspires this temporary legislation the better are the chances that things will go smoothly.

But the wisest decrees will fail to get the economy going unless capable native managers and administrators help. The North African prelude should have taught us that politics plays even more of a rôle than economics in this connection. It may happen that some who are professionally qualified to help may belong to the "wrong" party. The cross-currents of resentment and ambition will run fast and strong. We must avoid a search for perfection in picking native administrators, for if we do that we shall end up by trying to staff the administration from top to bottom with nationals of the occupying forces. That would not only put an unbearable drain on our own qualified manpower but would immediately drive the people of the occupied country into wholesale opposition.

We must seize the "commanding heights" before we even look for native co-administrators and before we attempt to negotiate with representatives of the occupied nation. In this way we shall avoid perhaps reaching a period during which the controls have to be gradually tightened, with consequent disadvantageous repercussions. If we take over the controls completely from the outset, the natural course is gradual relaxation. As trustworthy

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

representatives of the friendly or conquered enemy nation are found, power can be delegated to them temporarily. But they must remain on probation as long as the occupation lasts.

VI

The years of adversity have given Great Britain and the United States time to gather valuable experience with the problems of military government.

In the spring of 1941, shortly before the fall of Greece, the British established their Middle Eastern Supply Center in Cairo. In the two years of its existence it has become a joint British-American center for all economic activities in the Eastern Mediterranean territories, closely tied in with the different Combined Boards in London and Washington and with the shipping authorities. Founded originally for Egypt and Palestine alone, the MESC today has 15 additional member territories — Iran, 'Iraq, Saudi Arabia, Transjordan, Cyprus, Syria, Lebanon, Aden Protectorate, British and French Somaliland, Sudan, Ethiopia, Eritrea, Libya and Tripolitania. These territories have a population of 62 million people.

In 1942 when a swarm of locusts and the Sunn pest swept through Asia Minor and threatened a large part of the area with famine the German press gloated over the coming disaster. However, the MESC succeeded in shipping in 600,000 tons of wheat via the Cape of Good Hope. It organized a tractor board for Syria, persuaded Egypt to divert one-third of her normal cotton acreage to food crops, established an anti-locust organization, and obtained the coöperation of Russian, Persian, British and Indian agricultural experts in pest-prevention efforts. Beyond that, the Center built a plant for oilseed crushing in 'Iraq, built canning plants in Egypt, and opened superphosphate factories in Palestine and Egypt. When General Montgomery chased Rommel westward and entered Tripolitania, Brigadier General M. S. Lush, appointed military governor of the province under the army commander, was at his side. With him came 80 officers of the Occupied Enemy Territory Administration, fully trained in the geography and history of the area, the system of government, its agricultural and mining resources and all other facts relevant to military government. The governor solved the currency problems by fixing the rate of exchange of the pound of military authority money against the lira at 1:480.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

As far back as March 1942 the MESC became a British-American joint enterprise, and in October 1942 Mr. Frederick Winant, brother of the American Ambassador in London, was made chairman of the executive committee. Mr. Ben H. Thibodeaux of the United States Department of Agriculture was dispatched to the Center to make a survey of the needs of agricultural machinery for the whole area. Many other United States agricultural experts are working on other matters which are handled through the Combined Boards. Should southeastern Europe be invaded, the MESC would be perfectly equipped to handle all the supply problems.

The United States has been acquiring in North Africa, in cooperation with the French administration of General Giraud, its first large-scale experience for the coming ventures in Europe. The American economic mission, at first under the chief civilian affairs officer on General Eisenhower's staff, Mr. Murphy, passed through a long vale of surprises, embarrassments and unforeseen difficulties, partly political and partly economic in nature. However, by April 1943 the worst had been overcome. Before Tunis and Bizerte fell, the Office of Foreign Relief and Rehabilitation succeeded in moving relief shipments to Tunisia and had on the spot its agricultural field observer, Mr. Henry W. Parisius, ready to make a general survey of the requirements for the agricultural reconstruction of all of French North Africa. All this work will have an important bearing on the way relief and reconstruction is organized on the Continent. With economic centers in the British Isles, North Africa and the Middle East prepared to tackle that great task, the broad foundations for future success have been laid.

VII

The United States Government has incorporated the Office of Foreign Relief and Rehabilitation Operations into the Department of State in order to keep its transactions in harmony with the higher decisions of foreign policy. As a subordinate branch of the State Department it will be subject to more restraint than it would have been as one of the customary separate war agencies. But if it is granted freedom of action within the limits of a determined general policy then the synchronization of its activities with the delicate course of foreign policy will bear valuable fruit. At present the OFR is working in Tunisia on its

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

initial assignment. It provides food, clothing, shelter, medical supplies and sanitation for the civilian population, and it is surveying the requirements of agricultural reconstruction.

The fundamental job of a relief organization is the protection of its clients from hunger and disease. As a corollary to this task it must give them the opportunity to regain a way of life in which they will be able to take care of themselves. Even modestly conceived, the relief job that lies ahead on the Continent is far more intricate than the American public seems to realize. To cope with it successfully, the OFR must religiously abstain from the temptation to mix into its legitimate work as a good doctor any grandiose ideas about reforming national diets, however popular such ideas may be at home. Food relief should not, of course, be based on outmoded concepts of nutrition; it should try to provide balanced rations. But if a program of relief is not to defeat itself the businesslike principle of thrift must be observed. It is all very well to keep optimum nutritional and medical requirements in view, and ideals of social betterment, but a tendency to stress them too much might drive the whole program on the rocks. To attempt to offer a perfect diet, perfect clothing, and perfect medical care can only lead to the early discovery that the requirements hopelessly exceed available supplies.[3]

The United Nations should be continually on the watch to see whether their shipping, personnel and financial resources are sufficient to meet the giant need. Some healthy doubts will make more plain the importance of immediate efforts to increase local agricultural production and start up certain industries as soon as possible. To supply seed, gasoline and spare parts for tractors might in time pay large dividends and save great shipments of food. Under certain conditions — those in North Africa, for example, and probably in the Balkans — imports of some key consumers' goods might facilitate the disgorging of food hoards by farmers. The opening of a window-pane factory in bombed cities might save more people from death by pneumonia than a dozen hospitals. In short, relief must be adapted on the spot to conditions which intelligent men of action perceive on the spot.

VIII

Reconstruction is a matter of vital military importance, as we have already noted. And it will inevitably absorb the larger part

[3] *Cf.* M. K. Bennett, "Food for Europe, Seven Questions," *Free World*, May 1943, p. 440–446.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

of the relief effort. The defect common to all reconstruction plans is that they necessarily are projects conceived more or less in a vacuum. Most of them jump from the situation as it is now to a conjectural situation after the complete surrender of the enemy; and, being abstractions, they are usually slanted toward the ideal. Military government, however, will face concrete problems. It will have neither the absolute power nor the unlimited resources that somehow are silent assumptions in most of the more popular plans for reconstruction.

Reconstruction will actually begin amidst the most unusual and complex difficulties. Men of common sense will demand that all non-essentials in aims or methods, no matter how great their individual merits, be thrown overboard or stored safely to await calmer days. Among such non-essentials are many plans for the reform of the economic systems of the occupied countries. Europe certainly does not lack opportunities for economic and social reform. Alas, what continent does not! Some countries there need agrarian reforms, most of them need industrial reforms, many of them need social and political reforms. Yet so long as the Japanese phase of the war is unfinished, even the enormous economic power of the United States and Great Britain will not be adequate to effect large-scale reforms in Europe. The writer is convinced that the same severe limitations on transportation facilities, matériel, manpower and finances which will restrict the scope of relief will render immediate economic reforms impossible. The military governors will be forced to confine themselves to the emergency job of maintaining in operation, or selectively bringing back to production, whatever industrial and agricultural resources exist. They will uproot totalitarianism. But they will leave decisions as to long-term economic changes to those who alone have a legitimate right to make them — the people of the nations concerned.

The task of reconstruction demands thrift, efficiency and speed. Should the actual work be done by private corporations or government agencies? Germany rebuilt railways, bridges, tunnels and power plants with amazing speed during the First World War, chiefly by means of contracts awarded to private corporations. In this war it has entrusted such work mainly to the Todt Corporation. The war effort of the United States has been endlessly delayed by the American system of checks and balances and by a combination of evils in the administrative structure and

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

processes. In contrast, the accomplishments of American free enterprise in industry and agriculture are most impressive. It would seem that contracts for reconstruction jobs in occupied territory ought to be awarded to private corporations on condition that they utilize to the maximum the existing local resources and manpower. Such a policy would also prepare American industry for its part in postwar foreign trade.

Germany and Japan now supply their conquered territories with various industrial goods. When their armies are expelled these goods will have to be obtained from other sources. This fact was overlooked, at first, in the territories under the jurisdiction of the MESC as well as in French North Africa, and the stoppage of the supplies in question impeded reconstruction. Private companies are the logical source of replacements — another reason for planning to use private business in the reconstruction job as a whole.

The reconstruction task compels the United Nations to the closest coöperation. It brings them to grips with the great issues of the future, such as the question of equal access to trade and raw materials and the problem of currency arrangements. It should teach them the lesson of mutual aid in the pursuit of that fixed but distant goal: freedom from want.

We shall not know the final form which the reconstruction problem will take until through the smoke of battle comes the answer to that most important and obscure question of all: Will Germany quit suddenly or will she fight to the end? If she should fight for every inch of European soil, prolong her own agony and multiply the devastation everywhere about her, the United Nations will have more time to study the reconstruction and to mobilize the resources needed for tackling it effectively. If, on the other hand, Germany should collapse in an early stage of the battle of the Continent, the devastation would be much smaller and the task of reconstruction easier. That is why the undermining of German resistance psychologically, so far a sadly neglected field of work, has such great economic importance. But whether the German collapse comes swiftly or by prolonged stages, the establishment of military government by the United Nations will be the first step towards peace. It must be accomplished wisely, for some of its operations probably will be the model for many lasting forms of useful international economic coöperation, or the reverse.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

A MERCHANT MARINE SECOND TO NONE?

By William Diebold, Jr.

THIS year the United States expects to build over four times as many ships as were launched by all the countries of the world in 1938, when shipbuilding was at a 17-year peak. By the end of the war the United States is almost certain to have the largest merchant fleet in the world, with considerably more tonnage than when the war broke out. When the immediate postwar tasks are completed, when the American troops have returned home and world reconstruction is well under way, should this country try to maintain itself as the dominant shipping nation of the world? If we do not seek shipping predominance, what ought to be our goal?

When Germany invaded Poland, the world had about 59 million gross tons of seagoing merchant shipping, counting both tankers and dry cargo vessels.[1] Probably about 25 million tons of shipping had been sunk by the end of 1942 and just under 15 million tons of new shipping launched.[2] During 1943 launchings will probably come to about 16 million tons for the world as a whole; in 1944 they may be 20 million or more. Sinkings are likely to be anything from 5 to 15 million tons a year. On this basis, the world's merchant fleet at the end of 1943 would be between 50 and 60 million tons, and at the end of 1944 between 55 and 75 million. Therefore, if the war should end during these two years the world might have anywhere from 85 to 125 percent of the shipping it had in 1939. The carrying capacity of this fleet would be smaller than the figures indicate, because many of the ships counted here as merchantmen are being used as transports, naval auxiliaries and aircraft carriers. Ship production would be at such a level that merchant tonnage would increase rapidly once sinkings were stopped.

The United States is rapidly becoming the dominant shipping nation of the world. While the published figures do not permit an accurate calculation of the present size of our merchant fleet, Admiral Vickery of the Maritime Commission said in March

[1] This includes only ships of 1,000 gross tons and over. Figures in this article always refer to gross tons; deadweight tons have been reduced by one-third to convert them to gross tons.

[2] These and subsequent figures have been estimated and calculated from published sources.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED.

1943: "In not many more months, the American Merchant Marine will be the largest in the world."[3] By the end of the war as much as half of the world's shipping may fly the American flag. The reason is obvious enough. All nations are losing ships. Production is concentrated in the United States, and all but a few of the ships built here continue to be owned here even if they are lend-leased to our Allies. If present schedules are adhered to, the United States will produce 60 times as much shipping in 1943 as it did in 1938. We will produce some 12 million tons, or about 75 percent of the world's production; whereas in 1938 the American share was 10 percent of a much smaller total. England is launching ships at about its prewar rate. Production in Continental Europe is probably below what it was before the war. Canada has started a shipbuilding program that may produce a million tons this year. Japan is expanding its ship production from its prewar average of between 400,000 and 500,000 tons, but is unlikely to exceed the million-ton mark until 1944.

Before the war, American shipbuilding was subsidized and protected because many foreign countries could build ships more cheaply than the United States. Most American ships sailing in international trade were subsidized because they could not compete effectively with foreign ships except on a few routes. Many other countries, including France, Italy, Japan and Germany subsidized some or all of their merchant marines. Britain subsidized some of its tramp shipping during the depression, but for the most part its merchant marine was able to compete effectively in the international market. Norway, the Netherlands and Greece were important among the shipping nations that operated without subsidies. We do not know what countries will be the most efficient ship operators and shipbuilders after the war. A study of the factors which might change the pattern of national advantages in these fields is one of the most important requirements for working out an intelligent postwar policy, once fundamental principles are decided. Only governmental agencies could attempt such a study in wartime. It will be assumed here that the United States could not economically maintain the relative predominance in shipping and shipbuilding that it will have at the end of the war; and that even if the United States could operate efficiently a larger merchant marine than before the war, economic considerations indicate that a large share of the world's international trade

[3] *New York Times*, March 26, 1943.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

should be carried by ships of British, Dutch, Norwegian and other nationality.

II

There are three considerations which can be taken into account in determining a postwar shipping policy for the United States: national prestige, economic advantage, and security (defense) requirements. In principle, our policy might be based entirely on any one of these. Actually, all three are likely to play some part. Our concern here is to see what it would mean, to the United States and to the rest of the world, if any one predominated. From this analysis there should emerge the broad outlines of a constructive postwar shipping policy for the United States.

Some people regard a large merchant marine as a sure and necessary sign of national greatness. The costs of subsidies and of uneconomic operation are considered as secondary to the gains in national prestige which would accrue from operating the largest merchant fleet in the world and ensuring the regular entry of ships flying the national flag into the ports of Hankow, Papeete, Valparaiso and Zanzibar. A great people, it is held, formed into a powerful state, ought not to have its overseas trade carried in foreign ships. This view seems to have found ready acceptance in the United States and is part of the stock-in-trade of those who argue for a big merchant navy, whether because they are personally interested in shipping or otherwise.

Most of the statements by members of the Maritime Commission regarding postwar shipping policy have contained some suggestion of the prestige argument. For instance, Admiral Land, chairman of the Commission, recently said: "Our goal is to have the best ships in the world and as many of them as any other nation. We must plan, too, that those ships shall carry a sufficient portion of world trade to restore the United States to a maritime position befitting a nation of her status."[4] Admiral Land has also referred to the United States' "rightful place in the postwar maritime scheme," "the Nation's share of the world's carrying trade," and the "proper position of preëminence" of the United States in world trade.[5] Similar attitudes have been expressed by shippers and other businessmen, one of whom said: "If this nation can

[4] *New York Times*, April 29, 1943.

[5] *Foreign Commerce Weekly*, October 11, 1941 and July 4, 1942; *Hearings . . . on H.R. 7105*, June 11, 1942, p. 5.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

afford to build and operate ten or twenty million tons of shipping to help carry on war, it can equally well afford to maintain the greatest merchant marine in peacetime that any nation has ever possessed. We subsidize agriculture and silver mining and, through a protective tariff, our manufacturers. Why not continue to subsidize merchant shipping?" [6]

In a world of nations competing for prestige and jockeying for position, a large merchant navy may be of political advantage. Under certain conditions there is undoubted prestige value in such an establishment, though how much this will be true in an air-minded world remains to be seen. If national rivalries dominate the world after the war, the case for a larger merchant navy on political grounds should be presented clearly to the American people so that they may decide if the advantages will be worth the subsidies they will cost and the economic dislocation likely to result in the rest of the world. But for the United States to suggest now that it plans to have the biggest merchant marine after the war will help to create just such a world. It is hard to tell from day to day how good the chances are of realizing the constructive peace aims stated by the United Nations governments. Clearly, the adoption of a big merchant navy policy by the United States will jeopardize whatever chances do exist. Britons, Dutchmen, Norwegians, Greeks and others who hear Americans say that they intend to dominate the shipping lanes regardless of cost cannot put much faith in general promises of economic reconstruction for the benefit of all. If the United States is going to have a larger merchant fleet than can be economically sustained, then other countries must have smaller ones and take the consequences to their economies. Shipping and shipbuilding play a much greater rôle in the national economies of a number of foreign countries than in that of the United States. The impact on these countries of American shipping dominance might be very serious. Sooner or later, the indirect effects coming through the disruption of the world economy would be felt in this country. It is to be hoped that American prestige will have a sounder basis than ownership of the world's largest subsidized merchant fleet.

Economic advantage is the second consideration which may determine national shipping policy. From this point of view, the chief interest of the United States is that our foreign trade should

[6] Frederick E. Hasler, President of the Chamber of Commerce of the State of New York, to the Marine Society of New York. *New York Times*, January 12, 1943.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

be carried as efficiently and cheaply as possible, whether by American or foreign ships, and that new ships should be built wherever they are best built, regardless of nationality, so long as they are freely for sale. This need not mean *laissez faire*. Efficient shipping service requires scheduling, availability of ships, reasonable stability in rates, and many other conditions that call for planning and management of the shipping and shipbuilding industries. Controls to ensure such conditions would further, not prevent, the most economical distribution of shipping and shipbuilding among nations. Governments operating their national merchant marines might pursue the same goal. It is to the economic advantage of the United States to further whatever organization of the shipping industry produces the conditions of cheap and efficient service. If the result is that the bulk of American foreign trade is carried in foreign bottoms, that would free productive energies here for use in fields of greater comparative advantage.

Unlike some countries, the United States has no national producer interest in shipping or shipbuilding. We have been net importers of shipping services and are in a sufficiently strong creditor position so that we could pay foreigners to carry all of our trade without straining our international accounts. Shipbuilding is a protected industry; we exported very few vessels. The level of employment and activity in these industries in peacetime has had no great effect on the national economy as a whole. The producer interests of the United States in shipping and shipbuilding are of a private and sectional sort, including shipowners and operators, shipbuilders, maritime and shipyard labor, and the areas of the country where such industries are located. The interest of these groups has been fostered by governmental policy; if that policy changes they would be entitled to special consideration. There should be reasonable compensation for capital investment and aid to workers in finding new employment, including adequate support during a transitional period and, if necessary, re-training.

The basic American economic interest in shipping is a consumer interest. We want the best possible service at the cheapest price. This economic advantage has no connection with considerations of national prestige and may run directly counter to a big merchant navy policy. Veblen has stated the basic divergence pungently. "That a nation's trade should be carried in vessels owned by its citizens or registered in its ports will doubtless have some sentimental value to the common run of its citizens, as is shown

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

by the fact that disingenuous politicians always find it worth their while to appeal to this chauvinistic predilection. But it patently is all a completely idle question, in point of material advantage, to anyone but the owners of the vessels; and to these owners it is also of no material consequence under what flag their investments sail, except so far as the government in question may afford them some preferential opportunity for gain, — always at the cost of their fellow citizens. . . . These gains, such as they are, go to the investors and businessmen engaged in these enterprises; while the costs incident to the adventure are borne almost wholly by the common man, who gets no gain from it all. . . . The common man is proud and glad to bear this burden for the benefit of his wealthier neighbors, and he does so with the singular conviction that in some occult manner he profits by it. All this is incredible, but it is everyday fact." [7]

The third element in shipping policy is security. As this country well knows, a large merchant marine is a necessary weapon for any nation that has to fight overseas in a major war. Building ships has been a major task of an American war economy twice already in this century. There is a sound argument, then, for the maintenance in peacetime of enough merchant tonnage and shipbuilding capacity to meet at least the initial needs of wartime. An argument based on national defense will probably secure strong support from a people to whom the vital need of ships in wartime has been made as clear as it has been made to Americans in the last few years.

Even if the United States should once again think it could remain neutral in a major war, there would be reason to maintain a merchant fleet of wartime size in peacetime. A neutral dependent on belligerent shipping in wartime must take second-bests and leftovers, as Ireland and others know. Without shipyards, the neutral has few chances to acquire all the tonnage it wants after war starts. Turkey, Chile, Colombia and Venezuela have all begun shipbuilding programs. The once mythical Swiss navy now exists in the commercial field, and the director of the company operating it has advocated that Switzerland maintain a permanent merchant marine of 200,000 tons to give her independence in wartime.[8]

[7] Thorstein Veblen, "An Inquiry into the Nature of Peace and the Terms of Its Perpetuation." New York: Macmillan, 1917, p. 24–26.

[8] *Foreign Commerce Weekly*, August 15, 1942.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

ILLINOIS

The security argument makes sense in a way that the cry for a big merchant navy for prestige purposes does not. We hope that after the war an effective system of international security will be created, but we do not know that this will be so. In any case, the effectiveness of the security system will for a long time probably depend on the military strength of the Great Powers that support it. In a perfectly functioning security system, where unanimous action was assured, we might be able to rely on the nations which are economical shippers in peacetime to provide whatever merchant fleet was necessary to support an American military effort. Until there is proof that such a system exists, our military and naval officials would probably be unwilling to commit themselves to future action unless they had an American merchant marine to rely on. If the United States does not plan to disarm as soon as the war is over, it would make little sense to demobilize the merchant ships and shipyards needed to support the army and navy.

III

There are, then, two possible bases for determining our merchant marine policy which are legitimate in terms of the long-run national interest of the United States: economic advantage and national security. The two approaches will probably lead in different directions. It would be pure accident if the merchant fleet and shipbuilding capacity judged sufficient by the military authorities corresponded with those that could be economically operated under postwar conditions. The more likely event is that security considerations would call for a much larger merchant marine and much greater shipbuilding capacity than could be maintained without subsidies. The practical results of a security policy would be very similar to those of a shipping policy based on considerations of prestige. The United States would operate a large fleet and maintain oversize shipbuilding facilities to the detriment of nations that could operate and build ships economically. Other nations, intent on their own security programs, would follow similar policies backed up by nationalistic legislation.

An intelligent postwar shipping policy must be based on a reconciliation of the two aims of economic advantage and national security. The only basis of compromise that can be clearly seen now is the maintenance of a reserve merchant fleet and skeleton shipbuilding facilities over and above the ships and yards that are economically justifiable. It is assumed that more ships will be re-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

quired for the purposes of national security than can be economically operated by American shippers (or the Government). The difference could be held by the United States Government as a wartime shipping reserve, part of the national defense establishment. Similarly, the Government could maintain shipyards (or ways in commercial yards) in addition to those needed for regular production. This device would distinguish the two motives of our shipping policy and to a considerable extent keep them from interfering with one another.

These suggestions are put forward only very tentatively. Whether or not they are practical depends on technical, political and administrative considerations which cannot be examined here. Only broad lines of approach are sketched; much remains to be done.

There are a number of ways in which the defense reserve might be held. When this war began, the United States had a laid-up fleet of about 700,000 tons, composed largely of ships constructed at the time of the First World War. Many were in poor condition, but in a short time all but a few had found their way to sea again. This is not the most satisfactory way of keeping a reserve, but it is one possible way. The experience indicates that rather than scrapping ships at the end of the war we might tie them up as a reserve for emergencies. As other ships were retired from commercial service, the Government might buy them at scrap value to replace the poorest of the reserve ships.

Probably a fleet which is to be effective for security purposes cannot be kept in dead storage. The services will want a certain number of new, efficient ships especially adapted to wartime uses. There also must be officers and sailors to man the expanded merchant fleet in wartime; seafaring skills cannot be developed at anchor. Some of the modern ships would no doubt find a place in the regular merchant marine; some personnel would be trained there. It is likely, however, that a sound security policy will call for the regular operation of some ships in addition to the commercial fleet. Various possibilities might be explored. A reserve merchant fleet might operate as the Navy does in peacetime: training, planning, executing some special missions, but reserving its true function for war. A merchant seamen force could be trained on relatively few ships by providing for some rotation of personnel. If conscription were retained, trainees could be allowed to elect the merchant service. A small public fleet

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

PUBLIC LIBRARY
AURORA, ILLINOIS

might be occupied in Red Cross and other mercy missions, transportation of army and navy supplies, and other services that are essentially uncommercial. There might be a limited commercial use of the reserve fleet to transport raw materials for stockpiles and perhaps in other government trading operations. Finally, it might prove necessary to operate part of the security fleet under subsidy in regular commercial service.

Any incursion of the security fleet into commercial operations (whether privately or publicly run) would be a derogation of the principle of securing the greatest economic advantage for the United States from its shipping policy. However, this may be necessary as part of the compromise between the two divergent principles on which our merchant marine policy would be resting. Kept within the strictest possible limits, the compromise would provide greater economic benefits than did the prewar practice and than any policy would that was based primarily on prestige considerations. Such a compromise may also be a political necessity in reconciling different American viewpoints as to the proper bases of shipping policy.

The United States has not been the only sinner in the matter of subsidies. After the present war, other countries will be tempted to maintain large merchant fleets for the sake of prestige or security. For a while, none will have as good a chance to do so as the United States. In the long run, however, it might prove difficult for this country to pursue a policy of the sort outlined if other important shipping nations disregarded economic advantage to guarantee to themselves the constant use of a larger merchant marine. It would be desirable, therefore, to secure an international agreement on the bases of shipping policy. Once the principles were accepted, agreements might be made as to how much subsidized shipping each country would retain for security purposes and how the reserve fleets and yards could be kept off the world market. Such agreements would not only make it easier for each country to follow an enlightened policy but would protect the interests of efficient shipping nations, like Norway, which would probably not require a reserve fleet at all if given a chance to operate ships internationally under competitive conditions.

The security fleet idea has been discussed here in national terms because wars are still organized nationally. The same principle could be adapted to international use if that were warranted by postwar political conditions. Countries in alliance, who ex-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

pected to make war together or stay neutral together, might hold their security reserve jointly. An effective international security organization, whether global or regional, might hold a merchant shipping reserve to be used by member nations in wartime. There are other possible arrangements which can be devised and discussed when the fundamental principles have been accepted and political conditions warrant their consideration.[9]

This article has taken no account of the domestic political situation in which our postwar shipping policy will be made. Principles may well go down before pressures. The history of American merchant marine policy gives no encouragement to the idea that a policy thought out in terms of the long-run national interest will be adopted because it is wise or reasonable. There still is a need to frame such policies on the chance that they may influence decisions, or even only as a base line from which divergences can be noted. The forces that will influence our merchant marine policy after the war, and the ways in which such forces might be manipulated, are a separate study.

The United States asks two things of its shipping policy: economic advantage and national security. Carried to their ultimate conclusions, these two approaches are likely to prove incompatible under postwar conditions. The reserve fleet plan offers a possible compromise by which a large part of both desiderata may be secured. We would give up some economic advantage for the sake of security and guarantee our security requirements in a somewhat roundabout way to protect our economic interests. We do not sacrifice anything by giving up the idea of having the largest merchant marine in the world for prestige purposes. If the reserve fleet plan is not feasible, some other basis of compromise must be sought because the principles remain the same. We want two different things from our shipping policy; we cannot have all of both of them.

[9] The reserves might also be useful in stabilizing the economic conditions of the shipping and shipbuilding industries. When bottoms are scarce, the security reserves might release ships for commercial use; when there is a surplus of tonnage, some of it might be absorbed into the reserve fleets. The aims and problems of such a policy require fuller discussion than there is a place for here.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

PUBLIC LIBRARY

THE REALITIES IN AFRICA

European Profit or Negro Development?

By W. E. Burghardt Du Bois

IN modern times two great world movements have hinged on the relation of Africa to the other continents: the African slave trade, which transferred perhaps ten million laborers from Africa to America and played a major rôle in the establishment of capitalism in England and Europe based on sugar and cotton; and the partitioning of Africa after the Franco-Prussian War which, with the Berlin Conference of 1884, brought colonial imperialism to flower.

The primary reality of imperialism in Africa today is economic. Since 1884 there has been invested in that continent a sum larger than the total gold reserve of the British Empire and France in 1939. Due to this investment there were exported annually from Africa, just before the present war, seven hundred million dollars' worth of products. And this valuation of African exports is abnormally low, since in a market controlled by the manufacturers the labor cost is depressed so as to yield high profit; the potential value of African raw materials runs into the billions.

These, then, are the two facts to keep in mind in our discussions of the future of Africa — that in the nineteenth century the African trade in men changed to a trade in raw materials; and that thenceforth the political domination which insured monopoly of raw materials to the various contending empires was predicated on the exploitation of African labor inside the continent. The integration of Africa into the world economic organization since the Industrial Revolution has been of far greater significance than social scientists like to admit. A quite natural reticence regarding the immense extent of the slave trade fostered the tendency to treat that question as an incidental moral lapse which was overshadowed and atoned for by the abolitionist crusade of 1800–1860. But an understanding of the economic background of that crusade is basic to the correct interpretation of the twentieth century and its two world wars.

In the eighteenth century England became the great slave-trading nation of the world and made America a land of chattel slavery. But in the nineteenth century England appears as the

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

emancipator, who stopped the slave trade at great cost, abolished slavery in her own territories and stimulated the reaction against Negro slavery throughout the world. How do these attitudes harmonize? The rise of liberal and philanthropic thought in the latter part of the eighteenth century accounts, of course, for no little of the growth of opposition to slavery and the slave trade; but it accounts for only a part of it. Other and dominant factors were the diminishing returns of the African slave trade itself, the bankruptcy of the West Indian sugar economy through the Haitian revolution, the interference of Napoleon and the competition of Spain. Without this pressure of economic forces, Parliament would not have yielded so easily to the abolition crusade. Moreover, new fields of investment and profit were being opened to Englishmen by the consolidation of the empire in India and by the acquisition of new spheres of influence in China and elsewhere. In Africa, British rule was actually strengthened by the anti-slavery crusade, for new territory was annexed and controlled under the aegis of emancipation. It would not be right to question for a moment the sincerity of Sharpe, Wilberforce, Buxton and their followers. But the moral force they represented would have met with greater resistance had it not been working along lines favorable to English investment and colonial profit.

There followed a brief but interesting period of readjustment. For a while after the triumph of the abolition movement the idea was fairly widespread in England that Africa was to be allowed its own development so long as trade was free. Sierra Leone, the British Negro settlement, was promised eventual autonomy; and when Napier overthrew Theodore of Ethiopia in 1868, he withdrew without even attempting permanent control or annexation. But soon the investing countries realized that strong political control in African and Asiatic colonies would result in such a monopoly of labor and raw material as to insure magnificent profits. The slave trade and slavery would not only be unnecessary; they were actually a handicap to profitable investment.

The process of strengthening control over the people of Africa was therefore developed in the name of stopping the slave trade and abolishing slavery. For a while, English philanthropy and English imperialism seemed to have found one of those pre-established harmonies in economic life upon which Bentham and the Physiocrats had loved to expatiate. Increased trade and

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

stable government in Africa was going to be the best way of civilizing the natives and lifting them toward self-government. Philanthropy, guided by men like Livingstone, envisaged the raising of the status of black labor in Africa as not only compatible with industrial profit, but practically synonymous with it. It was equally clear that unless there was political domination of these colonies to insure a virtual monopoly of material and labor, the colonial investment there would not be secure. The almost complete partition of Africa followed, settling in the hands of England a vast colonial empire and yielding to France and to Germany less valuable but nevertheless large imperial domains.

A technique of domination was gradually developed. Physical force backed by superior firearms was used in the Sudan. In South Africa, economic pressure was applied by land monopoly, supplemented by a head tax which meant compulsory labor. A caste system of Negroes subordinated to whites was widely instituted, but to some extent modified by cultural segregation, sometimes called "Indirect Rule," by which the cultural integrity of African tribes was within limits permitted for local government, but their economic activities guided by the interests of investment in the hands of the governing country. Just as European peasants did not get a cent of compensation for the three and a half million acres of common land taken from them between 1801 and 1831, so in the Union of South Africa the natives who formed eighty percent of the population came to possess only eight percent of the land. In Kenya 3,000,000 natives are confined today to 50,000 square miles of the poorest land; the best land has been given to Europeans, often at a nominal price, in estates so large that they can only be cultivated by hired labor. Again and again forced labor has been legalized in Kenya; and it is legal today. Labor in the mines of South Africa was long removed only a step from serfdom, and labor conditions there now allow a native wage of $15 a month. In the Belgian Congo and French Equatorial Africa there has been a sordid history of cruelty, extermination and exploitation.

We must not blink the fact that in the past it has been profitable to a mother country to possess colonies. One sometimes hears that colonies represent a sort of philanthropic enterprise. The colonial system is commended for whatever education and social services it has given to the natives and is not blamed if these social services have been miserably inadequate as compared to the need.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

The fact is that so far as government investment is concerned, the money which Great Britain, France, Portugal and Germany *as governments* have invested in Africa has yielded small returns in taxes and revenues. But this governmental investment and its concomitant political control have been the basis upon which private investors have built their private empires, being thus furnished free capital by home taxation; and while the mass of people in the mother country have been taxed and often heavily for this governmental gift abroad, the private capitalist who has invested in the colonies has reaped not only interest from his own investment but returns from investments which he did not make and which are protected by armies and navies which he only partially supported. Immense sums have been derived from raw material and labor whose price has been depressed to a minimum while the resulting goods processed in the mother country are sold at monopoly prices. The profits have not been evenly distributed at home; but the net return to the white races for their investment in colored labor and raw material in Africa has been immense. That, very briefly, is the fundamental fact of the situation which confronts us in Africa today.

II

For convenience we refer to "Africa" in a word. But we should remember that there is no one "Africa." There is in the continent of Africa no unity of physical characteristics, of cultural development, of historical experience, or of racial identity.

We may distinguish today at least eleven "Africas." There is North Africa — though Algeria and Libya are in large degree a part of southern Europe. There is French West Africa, a vast and loosely integrated region, in one small part of which an educational and cultural development of the natives is in evidence and where there has been some economic progress. There is Egypt, which is still a political and economic satellite in the British Empire; but from Egypt the Anglo-Egyptian Sudan has been cut off and presents a different economy and faces a different destiny. To the south lies Ethiopia, whose long and tragic history foreshadowed the present war. Turning westward again, we have French Equatorial Africa, an economic echo of the Belgian Congo, the seat in the past of terrible exploitation and in the present of a new arming of blacks for European wars.

Then there is British West Africa. It consists of four colonies

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

and demonstrates the most advanced possibilities of the Negro race in Africa; even here those possibilities are held in check by the limited application of democratic methods and by carefully organized exploitation. There is the Belgian Congo, whose astonishing history is known to all. There is British East Africa, consisting of Uganda, Kenya and Tanganyika, combining an advanced native state, an extreme example of European land-aggression in Kenya, and the former German colony of Tanganyika. There is Portuguese Africa, almost split in two by British territory and dependent mainly upon British economic organization. Finally, there are South Africa and the Rhodesias, where 3,000,000 white poeople are holding 10,000,000 darker folk in economic serfdom. This is preëminently the land of gold, jewels and metals.

Current world opinion makes little distinction among these groups. Berbers of North Africa are usually classed as "white" peoples; Abyssinians are now and then declared not to be Negroes; but on the whole, all Africans, save recent white European immigrants and their offspring, are classed among the peoples of the earth who are inferior in status and in kind.

This decree of inferiority is not based on scientific study — indeed the careful anthropological and social study of Africa has only just begun. Again we must come back to dollars, pounds, marks and francs. The judgment on Africa was rendered on economic grounds (although, of course, pseudo-scientific dogma were adduced to bolster it). Liberal thought and violent revolution in the eighteenth and early nineteenth centuries shook the foundations of a social hierarchy in Europe based on unchangeable class distinctions. But in the nineteenth and early twentieth centuries the Color Line was drawn as at least a partial substitute for this stratification. Granting that all white men were born free and equal, was it not manifest — ostensibly after Gobineau and Darwin, but in reality after James Watt, Eli Whitney, Warren Hastings and Cecil Rhodes — that Africans and Asiatics were born slaves, serfs or inferiors? The real necessity of this fantastic rationalization was supplied by the demands of modern colonial imperialism. The process of exploitation that culminated in the British, French and German empires before the First World War turned out to be an investment whose vast returns depended on cheap labor, under strict political control, without too much interference from mawkish philanthropy.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Philanthropy has fought stout battles for a liberalization of imperialistic rule in the past. The focus of those battles has usually been the question of education of the peoples of Africa; it was the difference of opinion on this issue which awoke philanthropy from its dream of foreordained harmony between the cohorts of Christianity and business. The painful question inevitably arose: to what degree should native people be allowed an education, in view of the fact that educated men do not make cheap and docile laborers? Sharp disputes took place between missionaries and administrative officials over the missionaries' plans for schools and for the training of skilled artisans, civil servants, and professional men such as physicians. In some cases, at least, the insistence of the missionaries was so great that government was forced to yield.

The cultural possibilities of the African native are undeniable. It is admitted even in South Africa today that the native is not being kept out of skilled labor because he is incapable. And his capacity for political self-rule is shown by the success of the native states of the West Coast, the Bunga of the Transkei and other such experiments. Missionaries, travellers, and now many government agents agree that it would be possible to place centers of education in Africa which would in a few generations train an intelligentsia capable eventually of taking fairly complete charge of the social development of the continent. There are beginnings of such centers today at Fort Hare, South Africa; Achimota and Fourah Bay, West Africa; and Makerere, Uganda.

Cutting across this whole question comes the issue of the use of Negroes in war. The Civil War in the United States was fought with the help of 200,000 black troops with a growing possibility of enlisting a majority of the slaves; and their use made further slavery unthinkable. The First World War was fought with the help of black troops which France brought to Europe to ward off annihilation; the blacks of French West Africa were armed on a large scale and became an effective fighting force in Europe. Europe protested — the English in South Africa as well as the Germans in Europe. If armed natives were going to be used in European disputes, would not native colonial revolt be only a matter of years? Today the Free French are not only using black troops but using them under a black governor of French Equatorial Africa, while Senegalese troops of French West Africa and colored troops of North Africa are used in increasing numbers.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

LIBRARY
ILLINOIS

Unless this question of racial status is frankly and intelligently faced it will become a problem not simply of Africa but of the world. More than the welfare of the blacks is involved. As long as there is in the world a reservoir of cheap labor that can raise necessary raw materials, and as long as arrangements can be made to transport these raw materials to manufacturing countries, this body of cheap labor will compete directly or indirectly with European labor and will be often substituted for European labor. This situation will increase the power of investors and employers over the political organization of the state, leading to agitation and revolt within the state on the part of the laboring classes and to wars between states which are competing for domination over these sources of profit. And if the fiction of inferiority is maintained, there will be added to all this the revolt of the suppressed races themselves, who, because of their low wages, are the basic cause of the whole situation.

The World War of 1914–1918 was caused in part by the German demand for a larger share in the domination over labor and in the exploitation of raw materials in Asia and Africa. An important aspect of the World War of 1939 is the competition for the profit of Asiatic labor and materials — competition in part between European countries, in part between those countries and Japan. Submerged labor is revolting in the East Indies, Burma and India itself. It would be a grave mistake to think that Africans are not asking the same questions that Asiatics are: "Is it a white man's war?"

The social development of Africa for the welfare of the Africans, with educated Africans in charge of the program, would certainly interfere with the private profits of foreign investment and would ultimately change the entire relationship of Africa to the modern world. Is the development of Africa for the welfare of Africans the aim? Or is the aim a world dominated by Anglo-Saxons, or at least by the stock of white Europe? If the aim is to keep Africa in subjection just as long as possible, will this not plant the seeds of future hatreds and more war?

III

One would think that Africa, so important in world trade and world industrial organization and containing at least 125,000,000 people, would be carefully considered today in any plan for post-war reconstruction. This does not seem to be the case. When we

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

examine the plans which have been published we find either no mention of Africa or only vague references. In President Roosevelt's "four freedoms" speech in January 1941, he did not seem to be thinking of Africa when he mentioned freedom of speech, freedom from want and freedom from fear. When Pope Pius XII spoke in June 1941 on "Peace and the Changing Social Order" his only phrase which could have referred to Africa was "the more favorable distribution of men on the earth's surface." The British Christian leaders in May 1941 made ten proposals for a lasting peace. The tenth reference was to the resources of the earth which "should be used as God's gifts to the whole human race." The American Friends Service in June 1941 similarly asked that all nations be assured "equitable access to markets." That refers to Africa — but it is an ominous reference. The eight points of the Atlantic Charter were so obviously aimed at European and North American conditions that Winston Churchill frankly affirmed this to be the case, although he was afterward contradicted by President Roosevelt. The proposals which have been made by publicists like Clarence Streit and Henry Luce imply a domination of the world by English-speaking peoples, with only passing consideration of black folk. Only in the recent report on "The Atlantic Charter and Africa from an American Standpoint," by the Committee on Africa, the War, and Peace Aims is a more realistic attitude toward Africa manifest. The Committee insists "That Africa today should be the subject of intelligent study in this country for many reasons, but especially because it is the ancestral home of one-tenth of our population, and that it is a continent of vast possibilities and difficult problems, and of vital concern to the United Nations in the present war . . . that Africa still represents the largest undeveloped area in the world, with mineral deposits, agricultural land, waterpower, forest and wild life, resources of importance, all of which are decreasing in value because of careless or reckless use or exploitation; and that these resources need development for its own defense and welfare."

The largest undeveloped area in the world! Is that phrase, spoken frankly by a body particularly conscious of African problems, the clue to the reticence of the other postwar statements on the subject of Africa? I do not mean to be unduly pessimistic; but realism demands that we face the fact that after this war the United Nations will be almost irresistibly tempted to consider

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Africa from an industrial and commercial point of view as a means of helping pay war costs and reëstablishing prosperity.

If the treatment of Africa in postwar planning begins or ends here the results will be tragic. One can see in all these postwar plans — although often, I know, the implication is not intentional or even suspected — the persistence of the old pattern of thought: the white man's need of African labor and raw materials and the assumption that these must be cheap in order to yield maximum profits. Above all, and most tragically, appears the assumption that the only problem so far as Africa is concerned is that the various dominating nations of the world must henceforth be treated equitably in sharing the material and the labor.

The memorable phrase of the First World War, the German demand for "a place in the sun," meant that Germany demanded metals, vegetable oils, fibres and foods from Africa on equal terms with England, either by pooling or preferably by dividing up Africa's land, labor and resources afresh. To return to such a plan after a generation of indecision, after another ghastly war, and in a period bursting with the components of still another and vaster war, would be blindness indeed. Yet this is precisely what many have in mind. If the rivalry of dominant European nations for colonial profit can be composed by a more equitable distribution of raw materials and labor, they say, then peace will be assured in the world. When they say nothing about the aspirations of the peoples of Africa themselves, what they are actually saying is that peace will be assured if we will all merely return to the eighteenth century.

IV

The first National Congress of British West Africa met in Accra, capital of the Gold Coast Colony, in mid-March, 1920. The Congress, composed of delegates from Nigeria, the Gold Coast, Sierra Leone and Gambia, drafted a memorial to His Majesty the King which is a worthy and remarkable document:

> In presenting the case for the franchise for the different colonies composing British West Africa, namely, the Gambia, Sierra Leone, the Gold Coast and Nigeria, it is important to remember that each of these colonies is at present governed under the Crown Colony System. By that is meant that the power of selecting members for the legislative councils is in the Governor of each colony and not dependable upon the will of the people through an elective system. In the demand for the franchise by the people of British West Africa, it is not to be supposed that they are asking to be allowed to copy a foreign in-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

stitution. On the contrary, it is important to notice that the principle of electing representatives to local councils and bodies is inherent in all the systems of British West Africa. According to African institutions every member of a community belongs to a given family with its duly accredited head, who represents that family in the village council, naturally composed of the heads of the several families. Similarly in a district council the different representatives of each village or town would be appointed by the different villages and towns, and so with the Provincial Council until, by the same process, we arrive at the Supreme Council, namely, the State Council, presided over by the Paramount Chief. . . .

The Congress presses for the appointment of duly qualified and experienced legal men to judicial appointments in British West Africa no matter how high the emolument might be. It also presses for the appointment of African barristers of experience, many of whom as jurists and legislative councillors are found along the West Coast, to appointments on the judicial bench as well as other judicial appointments. The Congress contends that there are African legal men of experience capable of holding any judicial office in British West Africa. It may be mentioned that in Sierra Leone years ago the late Hon. Sir Samuel Lewis, Knight, C.M.G., an African, held the appointment of Acting Chief Justice; the late Mr. J. Renner Maxwell of Oxford University, an African, held the office of Chief Magistrate of the Gambia, which was equivalent then to the office of Chief Justice; that His Honour the late Mr. Justice Francis Smith, an African, was the Senior Puisne Judge of the Gold Coast, and on several occasions held the appointment of Acting Chief Justice; that the late Mr. James A. McCarthy, an African, was for many years the Queen's Advocate of Sierra Leone, which was then equivalent to the post of Attorney General, and on many occasions acted as Chief Justice of that Colony. Subsequently he became the Solicitor General of the Gold Coast, and acted as Puisne Judge on several occasions in that Colony. Further, the late Sir Conrad Reeves, an African, was Chief Justice of Jamaica for many years. Therefore it is no new thing to suggest that worthy Africans should be admitted to the highest judicial offices in the judicial service of British West Africa. It is worthy of note that so renowned is the forensic ability of the African legal practitioner, generally a barrister of one of the Inns of Court in London, that they usually control all the practice in British West Africa and the percentage of European practitioners is hardly three.

It must be remembered that this clear and concise demand for elementary democratic rights among the black people of British West Africa was drafted by native-born Africans of Negro descent. In response to it an elective element was admitted to the governors' councils in four colonies. The governor retained the selection of a majority of the council. Any legislation which he wished was guaranteed passage. In these same councils, in all the colonies, sat men representing business and industry directly, that is, voting in the name of and for foreign investors. They still do.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

It should be noted also that many of the preferments listed by the Congress came in that period when, under the triumph of philanthropy, England was hesitating between a policy of slavery and colonial autonomy. Soon, as we have seen, the die was cast.

Beside this document, now, place a statement made in 1923 by the white settlers of Kenya. It is the voice of triumphant commercialism, formulating a racial philosophy for the modern world:

> It has been shown that the Black Race possesses initiative but lacks constructive powers, characteristics which justify Lugard's judgment that for the native African "the era of complete independence is not yet visible on the horizon of time." The controlling powers may, therefore, aim at advancing the black race as far along the road of progress as its capacity allows, without misgivings that the success of their endeavours will lead to a demand for their withdrawal, entailing loss of prestige and trade. The development of British territories in Africa opens up a vista of commercial expansion so endless that calculated description is difficult. The bare facts are that the area of these territories is 4,000,000 square miles, as compared with India's 1,900,000; that India's overseas trade is about £350,000,000, and British Africa's (excluding Egypt) is about £292,000,000; that the non-self-governing territories, whose total area is 2,628,498 square miles, already produce an overseas trade of £76,500,000, although their development can hardly be said to have begun; that the average fertility and mineral wealth of their soil are at least equal to those of any other great land mass; that they hold an intelligent fast-breeding native population of about 60 millions, waiting for guidance to engage in the production of the raw materials of industry and foodstuffs; and that white settlement coöperating with the native populations does stimulate production many hundreds of times, and does bring about a demand for manufactured articles out of all proportion to its numerical strength.

Here, then, is the African question: European profit — or Negro development? There is no denying that the training of an African intelligentsia implies most difficult problems — the problem of preserving rather than destroying the native cultural patterns and all the problems that come with inexperienced social leadership. The point is that the decision in these matters must not be left to those interested primarily in financial gain, or to white people alone. If there is to be real Negro development there must be created some organ of international trusteeship and the native intelligence of Africa must be represented on the guiding boards. Can we expect Europe and America to approach this question in a way that promises a solution? We could not expect it under ordinary circumstances; but the circumstances today are not ordinary.

If I were to try to state summarily the objectives of postwar

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

planning for Africa, looking toward the achievement of the world peace which we all so deeply feel must follow this world war, I would say first that it is necessary to renounce the assumption that there are a few large groups of mankind called races, with hereditary differences shown by color, hair and measurements of the bony skeleton which fix forever their relations to each other and indicate the possibilities of their individual members. There is no proof that persons and groups in Africa are not as capable of useful lives and effective progress as peoples in Europe and America.

I would say, second, that we must repudiate the more or less conscious feeling, widespread among the white peoples of the world, that other folk exist not for themselves, but for their uses to Europe; that white Europe and America have the right to invade the territory of colored peoples, to force them to work and to interfere at will with their cultural patterns, while demanding for whites themselves a preferred status and seriously and arbitrarily restricting the contacts of colored folk with other and higher culture. The most dangerous excuse for this situation is the relation between European capital and colored labor involving high profit, low wages and cheap raw material. It places the strong motive of private profit in the foreground of our inter-racial relations, while the greater objects of cultural understanding and moral uplift are pushed into the background.

I would say, third, that it must be agreed that in Africa the land and the natural resources belong primarily to the native inhabitants. The necessary capital for the development of Africa's resources should be gradually and increasingly raised from savings of the African natives which a higher wage and a just incidence of taxation would make possible. I would say, fourth, that a systematic effort must be begun to train an educated class among the natives, and that class must be allowed to express its opinions and those opinions be given due weight. And I would say, finally, that political control must be taken away from commercial and business interests owned and conducted in the foreign nations which dominate the continent, and this control be vested provisionally in an international mandates commission.

These, in simplest form, are the proposals for the future which correspond to the present realities in Africa.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

RESPONSIBILITIES IN INDIA

By H. V. Hodson

FROM time to time there surges against the British Government a high tide of demand that it should "settle the Indian problem." The demand is voiced in Britain, in India, in the United States and other countries. The short answer from Mr. Churchill's Government is that the Indian problem is one which only the Indian people can settle. There is thus presented a clear conflict of belief, on an issue of vital moment to the world at large, as to where the seat of responsibility lies. In order to fix or apportion the responsibility it is not enough merely to allot the blame for past failure; that is a negative and arid satisfaction. It is also necessary to point the road to positive action in the future.

We must first be sure what the Indian problem is. The objective is not simply to complete the political independence of the Indian people. Only in a wider setting does that objective become a major interest of the world at large, or indeed become substantial for the Indian people themselves. The war in Europe is not being fought simply to restore a free Poland, for example, although it will be fought in vain unless that is part of its achievement; it is being fought to establish a free and stable Poland within a Europe relieved by a powerful system of international security from the menace of brutal national ambition, and equipped with the means of organizing its economic and social progress as part of a world complex. So too in the Indian context the true objective is to establish a free and stable India within an international system of security and economic coöperation to which India will contribute according to her potentialities.

One of the inner causes of conflict between British and Indian opinion is their difference in focus in viewing this objective. The British, habituated to an international outlook by their geographical situation and by their responsibility for a world-wide group of countries under one Crown, tend to concentrate on the wider setting and to underrate the inherent value of the national yearning for independence for its own sake. The Indians, by nature introspective and disinclined to look beyond their own regional, religious or national horizon, tend to forget that independence is unreal unless it is qualified by membership in an international society to which each member must contribute according to its

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

ability and in which the affairs of each are the concern of all. The one, knowing that independence is an illusion, looks for international stability; the other, knowing that stability can be a cloak for stagnation, looks for national independence.

To bring these two views into a common focus is the beginning of wisdom in solving the Indian problem. Again the best approach is through an assessment of responsibilities.

Great Britain has a treble responsibility in India. In so far as she retains the control of government there, her responsibility is to govern and defend India to the best of her ability, maintaining peace and order, holding the balance between different classes, interests and communities, and promoting the welfare of the people according to her best lights. In so far as she transfers that control to Indian hands, her responsibility is to ensure that it passes to those who can and will defend the country, maintain order and promote welfare, and that in the new seat of power the different classes, interests and communities are fairly represented. She has an additional responsibility, owed to her own pledges and ideals as well as to the Indian people, to hasten that transfer of control as much as she can.

The responsibility of the Indian people is the converse of Britain's. In so far as they assume the control of government, their responsibility is to maintain order, defend the country, promote welfare, and hold the balance between high and low, majority and minority. In so far as the control has yet to pass to them, their responsibility is to devise a governmental system capable of doing those things and fully representing the different constituents of the national life.

Indian political opinion under its present leaders has not been ready to shoulder these responsibilities. Its attitude has become more and more negative and has thus thrown into relief the negative aspect of Britain's own position. For this unhappy state of affairs many causes may be blamed: the reaction of impatient nationalism to the deliberate pace of prewar British policy; the generations of subservience which have stifled the habit of responsibility in the Indian political character; the age-long shadow of the caste system, which limits both the individual and the corporate sense of responsibility; sheer despair at the difficulty of reconciling the conflicting communities and interests that make up India's life.

All these are part of the background, and each contributes some

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

part of the explanation of Indian failure to face up to the growing responsibilities of approaching independence. But in the foreground are more immediate and tangible influences towards negation.

Indian politics, like the politics of other countries, are today in the grip of a few organized parties. Although many eminent individual politicians, whose name and fame often were made in less democratic days, stand out in the Indian political scene, their influence depends in the long run on their ability to sway mass party voters, either directly or by their influence over the actual party leaders. In a democracy of millions (and the electorate of India exceeds 30 million voters) there is nothing to stand up to the apparatus of party discipline and party organization. Here is the greatest new factor in the Indian political scene since the constitutional reforms of 1935. Hence, whatever the individual views of political leaders, they must all yield in some measure to the policy and interest of the party as such, lest they lose the support of that apparatus and become but individual publicists. Mr. Rajagopalachari, as Premier of Madras, as one of the first half-dozen leaders of the Congress Party, was an important power to be reckoned with; as a rebel who put his views of the national interest before the policy and interest of the party and was cast out, he counts for the publicity value of his utterances, and little more.

To the great misfortune of India and of the world, the short-term interest of the major parties in Indian national politics is not today in favor of that mutual compromise and adjustment which is enjoined by the responsibility to devise a fully representative governmental system, able to maintain peace and order and serve the good of all; nor in favor of working by practice and experiment towards the ability (which does not come overnight) to govern a vast and complex country equitably and well.

Three parties alone really deserve the name in the Indian national field; the Congress, the Moslem League, and the Hindu Mahasabha. Of these only the last has an obvious interest in taking and using such measure of governmental power as may be open to it now. It has that interest because the simple rule of majority government, which works on the side of the Hindu caste community as against Moslems and other minorities, is still the accepted currency of Indian political thought, although it is steadily depreciating in value. To effect a settlement now would

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

be to arrest its depreciation. But the Mahasabha, by virtue of its communal structure and aim, is incapable of that radical compromise with the demands of Moslems and others which alone can lead to a truly representative and stable government; nor can British authority discharge its responsibilities by a settlement with one communal body and not its rival.

The Moslem League, on the other hand, has a party interest in standing aside, in putting its terms for a positive policy so high as to render it negative in effect. For the League rightly feels itself to be on an upward arc of political power. Moslem opinion, shaken by its experience of the majority system as practised with Congress leadership in the self-governing provinces of India from 1937 to 1939, is solidifying behind the League, as a chain of by-elections testify. Pakistan — the policy of establishing the Moslem-majority areas as a separate nation-state — which is today the great theme of the League, has changed in two or three years from a mere slogan, an extremist fad, into a policy with which both British and Indian opinion grapples as a practical possibility. From a party point of view, the League has everything to gain from staying in the wilderness where it finds the locusts and honey such a nourishing diet.

This view of the position of the Moslem League does not seek to identify the League with the Moslems as a whole; for undoubtedly many Moslems stand outside Mr. Jinnah's League, a number being supporters of the predominantly Hindu Congress. It simply looks upon the League as a party, one of the major political forces in the state, which has to be reckoned with and settled with in any major political innovations. British pledges to minorities apart, no constitutional solution would work, in the sense of discharging both British and Indian responsibilities for securing orderly and stable government in India, unless it obtained at least the passive adherence of a large portion, if not the whole, of the Moslem League. Thus the tactical limit to Mr. Jinnah's intransigence in the face of opportunities to compromise with other parties and take a hand in the present government of India is set by the danger that if pushed too far it might drive a large enough coöperative wing out of the League to form a rival party in national politics.

Mr. Jinnah pressed his non-coöperative policy to the very edge of this limit in August 1941 when he demanded the resignation of the Premiers of the two great Moslem-majority provinces of

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

the Punjab and Bengal from the newly formed National Defence Council. The late Sir Sikander Hyat Khan and Mr. Fazl-ul-Huq put up a show of struggle but bowed their will to his. Mr. Fazl-ul-Huq eventually rebelled, broke up his Moslem League government in Bengal, and, taking a portion of his Moslem followers with him, formed a coalition with the Hindu Mahasabha and other groups. Nothing has been more significant in Indian politics on the Moslem side in the past few years than the sequence of resounding victories for Moslem League candidates in by-elections in Bengal, which led at length to Mr. Huq's resignation in March of this year. The honors of tactical victory rest entirely with Mr. Jinnah and his negative policy, with its rejection of compromise and responsibility.

In August 1942 the Congress pitched itself headlong against the government, and all its leaders were placed in confinement with the prospect of remaining there for the rest of the war. The British Government was being strongly pressed to accompany repression with conciliation. Here was a wonderful opportunity for a Moslem League leader to cash in on the fact that he now headed the most powerful party at large, and to make terms with the remaining groups for taking over the very substantial and growing measure of power which a united non-Congress front could instantly have won from the British Government. Mr. Jinnah, on the contrary, deliberately chose that moment to put up his terms to a pitch which he undoubtedly knew must be unacceptable: he demanded an immediate promise of Pakistan, not merely a guarantee that the possibility of it would not be prejudiced by any interim arrangements. There could have been no clearer proof of his determination to keep the Moslem League out of an interim government, unless driven to it by the threatened defection of a very large bloc of Moslem League supporters or by the fear that the Congress might get there ahead of him — a fear which seemed real for a few days at the time of the Cripps Mission.

Those days were the fateful moment for the Indian National Congress, whose decision would undoubtedly have been followed by the other parties. A definite choice had to be taken. The responsibility for saying "No" would be as firmly fixed as the responsibility for saying "Yes." In fact, however, the decision of a few hours was predetermined by forces which had betrayed themselves years previously. Like a man at a moment of crisis the Congress was in thrall to its own character.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

The two main forces that converged to dictate the answer "No" to the Cripps offer, and afterwards to impel the Congress into a deliberate onslaught on ordered government, were the totalitarian organization and outlook of the Congress, and the personality of Mr. Gandhi. These two factors were intimately connected; for Mr. Gandhi has at once commanded the centralized dictatorship of the Congress and by his influence made it possible. It is under his leadership that the Congress has persistently asserted its claim to be not one party among others but the representative of the whole Indian people, and in so far as this is true it is owing to the dominating sway which his name exerts over the masses of India.

How far it is true is a question which it is no more necessary to answer precisely than to decide whether or not the Moslem League represents the Moslems of India. Both statements cannot be true, yet neither is wholly untrue. What matters in the present connection is that the Congress as a party is not the only powerful party in Indian politics, nor the only one with which the British must settle if they are to discharge their responsibilities. Yet its broad attitude has been based on a contrary doctrine, and in this conflict lies much of the explanation of current Indian troubles.

The one-party system may be the ultimate solution which Indians themselves will work out for this constitutional dilemma. But at present it simply does not fit the facts in India, and the attempt to ignore or override facts that conflict with it has led the Congress into paths of frustration and danger.

It led first to the dictatorship of the party High Command over the Congress Governments in seven of the eleven provinces of India from 1937 to 1939, a dictatorship which vitiated responsible parliamentary government, deprived India of half the invaluable experience that she was gaining in the responsibilities of her own government, and convinced the Moslems and other minorities that weightages in the legislature and like safeguards were valueless, since all was subordinated to an irresponsible caucus at Wardha, Mr. Gandhi's retreat.

Secondly, the totalitarian doctrine has led to a chronic reluctance to negotiate on level terms with any other party, for to do so would be to confess the inadmissibility of the Congress' basic claim. This trait was most conspicuous at the time of the Cripps Mission, when the leaders of the Congress were meeting daily in Mr. Birla's house while the leaders of the Moslem League were

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

meeting in Mr. Jinnah's house a couple of hundred yards away, yet on no occasion did they deliberate together or make any attempt to form a common front. The trait had an even more immediate effect on the Congress decision at that time; for acceptance of the Cripps offer would have rendered them not merely by confession one party among others to be consulted and compromised with, but in actual fact one party among others in a coalition government. If in any case that government were worthy of their support, it would eventually become more powerful than the Congress itself and would escape the orbit of High Command control, which means control by Mr. Gandhi.

There was another and probably still more powerful motive which determined Mr. Gandhi's instant and wholehearted opposition to the Cripps scheme and to its eventual rejection by the Congress. That was his doctrine of non-violence. The repudiation of violence is not a new ethical theme, but its development as a positive political technique is Mr. Gandhi's peculiar contribution to the ideas of his time; and it is safe to say that at the end of his life there is nothing that he holds more dear than this doctrine, nothing that he would hate more than its decisive abandonment by the Indian National Congress. Finally cast over by them, it would have no hope of revival in the hands of any other party in India, and if not in India, then nowhere else in the world in our time; while he himself, with his main principles rejected, would cease to be a political dictator and become but an aged prophet.

Therefore Mr. Gandhi has made no secret of his belief that for the Congress to take part in a war government would be a "disaster," a phrase he used in July 1940 when criticizing the so-called Poona offer of the Congress (for a brief interval kicking over the traces of his leadership), an offer to enter a national war government on condition of an unqualified promise of independence. Nor did he even conceal his view that if the Government of India gave way to the Congress in the struggle of August 1942, and the latter formed an independent national government, he himself would work to pull India out of the war. Nevertheless he has known better than to try to force his ideas implacably upon the Congress; for he knew well that relatively few Congressmen shared to the full his pacifist convictions and that many would be swayed against him by their sympathy with the democracies, and particularly with China, or by their patriotic impulse to help the defense of their own mother country. Therefore his policy during

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

the war has been much more subtle. It has been to save the Congress from ever having to declare its mind, yea or nay, on the issue of fighting the war.

This policy of Mr. Gandhi's had two prongs: to fix attention on other issues, such as complete independence or the right to pacifist propaganda; and to withdraw the Congress from positions of responsibility where daily duty would oblige them either to help fight the war or to take the definite responsibility of frustrating those who were doing so.

The pursuit of these tactics goes back indeed before the war, when in August 1939 the Congress High Command issued orders from Wardha that the Congress members of the Central Legislature were to withdraw from attendance as a protest against the dispatch of Indian troops to Aden and Singapore — an order which has been kept in force ever since, despite the persistent pleading of many practical-minded Congress members like the late Mr. Satyamurti. The danger that prominent Congress Party supporters might be forced to take a responsible decision on the war was even greater in the seven provinces where Congress Ministries were actively engaged in Indian self-government. In October 1939 the Congress Working Committee — by way of protest against the way in which India had been brought into the war — ordered those Ministries out of office. They never returned. The tragedy of that move lay in its bringing to an end the practical experience in responsible self-government which would have led on steadily and irresistibly to greater unity and larger freedom for India. But it was inevitable as a by-product of the deliberate evasion of responsibility, itself the necessary outcome of Mr. Gandhi's pacifist leadership of a largely non-pacifist Congress.

There is no need here to trace the detailed political history of the ensuing two and a half years. It was all of a piece with the same broad theme. But in March 1942 the position suddenly changed. In the so-called Cripps plan, the British Government for the first time unequivocally offered India complete independence, with a mapped-out road for reaching it immediately after the war, and thus satisfied the main historic demand of the Indian National Congress. Moreover, Sir Stafford Cripps came with the deliberate and unwavering plan of negotiating with the principal parties, as such, and of insisting on having from each of them a plain yea or nay. Thus the very situation which for three years Mr. Gandhi had been working to avoid had been forced on

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

the Congress. Its eventual answer was "nay," a decision influenced if not determined by the defeatism which swept India after the Allied reverses in the Far East; but Mr. Gandhi apparently made up his mind that the danger of its either saying "yea" or of splitting in two on the rock of a clear and responsible decision on the war issue must never be allowed to recur.

His answer was the Bombay resolution, the passage of which led to the arrest of himself and all the other chief Congress leaders. Despite the defeatist view which he undoubtedly held of British military prospects, Mr. Gandhi was too shrewd to imagine that the British Government would bow to the mere threat of the resolution, and forthwith sign a deed of Indian independence in the absence of any government or constitution to which to hand over power. The execution of the threat must therefore have one of two results: success, in the shape of a breakdown of communications and ordered government, the capitulation of British power and a condition of chaos in India; or failure, in the shape of the incarceration of the Congress leaders while the country remained subdued if grumbling. Mr. Gandhi's peculiar philosophy, which amounts to a kind of nihilism, made him contemplate the first alternative with an equanimity which to our Western minds seems almost suicidal. But he may be presumed to have been well satisfied with the actual outcome, which appears to have made it quite certain that the Congress will not again be threatened with responsibility for conducting this particular war.

That, in brief, is the Indian side of the dilemma of responsibility on the issue of India's future as a self-governing nation. It is a story, unhappily, of manifest repudiation of responsibility by the two greatest parties, following their party interest and nature — a story which is unlikely to take a radically different turn while the war continues. The blame is clearly fixed. But the guide to positive action is unhelpful, for it simply adjures the parties to pursue a course which their present accepted leaders are determined to avoid, for reasons which seem to them imperative.

But repudiation of responsibility on the Indian side does not destroy or mitigate the responsibility on the British side. It remains the duty of the British to hasten as much as they can the completion of India's self-government, and this duty is all the more pressing in that a postwar settlement in Asia without a constitutional settlement in India is a contradiction in terms, and because every day's advance towards victory brings nearer the

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

time when British and Indian opinion alike will insist upon a decision on India's future at whatever cost.

How can that duty be discharged today, consistently with those other equally valid responsibilities for defending and governing India, and for ensuring that her defense and government are handed over only to successors capable of the task by virtue of the support that they secure from all the main communities, classes and interests in India? It is a baffling question to which few of those who criticize the inertia of British policy attempt to offer any coherent answer. But there is an answer, or part of an answer, which we see more clearly if we ask ourselves another question. When the moment for that inevitable postwar settlement arrives, what will be most needed in India, to save her from the peril that in the presence of British power and of their own communal and party intransigences the main groups in British India will reach no agreement, while in the absence of British power those same forces will bring about chaos and civil war?

The answer is simple: an Indian Government. Provided only that it was genuinely Indian in personnel and in spirit, and reasonably well balanced as between the different main communities and classes, an Indian Government could assume, though unrepresentative in terms of parties and elections, the same kind of power as the British now easily exert in India though under a like handicap. It would at once help the success of constitutional discussions after the war and by-pass their possible failure. Thus Lord Linlithgow's move of July 1941 in giving to Indian public men the majority of seats in his Executive Council (which is not unlike the Cabinet of an American President) was a notable and decisive contribution to the discharge of British responsibilities in India. It is a policy which has still a long way to go.

A seat or two in an Executive Council, an almost unnoticeable change in Rules of Business, a twist to personal relationships in New Delhi, these are not matters that seem of great moment to the public of the United Nations, even in England, let alone in America. But on these, not on some spectacular stroke of policy, depends the future progress of India towards the complete self-government which all agree should be hers. Like other problems in government, the Indian problem can be solved only in terms of practical responsibility, not in terms of faith and emotion.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

FROM POOR LAW TO BEVERIDGE REPORT

By A. D. K. Owen

THE publication of the Beveridge Report on Social Insurance and Allied Services in December 1942 not only opened a new chapter in British social history. It was an event of some significance for all the democratic nations of the world. Two years earlier President Roosevelt had outlined the "Four Freedoms" which should inspire the common exertions of those who were opposed to Nazi and Fascist tyranny, and his inclusion among them of "freedom from want" had been underwritten by the fifth and sixth clauses of the Atlantic Charter. Now a prosaic, closely-printed official report set out a practical, workmanlike scheme for realizing in one great democracy an important part of what the President and Mr. Churchill had defined as the purpose of our joint endeavors. Deeply felt but vague aspirations were crystallized in a form which, though designed for one country, might well prove to be adaptable to the circumstances of others. Probably that is why the Report — a "best seller" at home — should also have aroused widespread interest and considerable enthusiasm abroad.

The Report is the result of eighteen months of intensive work by an inter-departmental committee, appointed by the minister responsible for reconstruction planning, under the vigorous and stimulating chairmanship of Sir William Beveridge. It shows with admirable clarity and directness how involuntary poverty can be abolished from British social life by a redistribution of about one-tenth of the national output of goods and services in favor of those citizens whose needs are greatest. It shows also how familiar methods and institutions can be improved and adapted in order to achieve this distribution without setting up dangerous frictions or imposing crippling burdens on any section of the community. It is a prescription for a characteristically British-style revolution, in which an attempt is made to use all that is valuable in the experience and institutions of the past as well as the creative insights of adventurous minds.

Some foreign observers who have been impressed by the boldness and imagination with which the Beveridge plan has been prepared have shown a tendency to exaggerate the extent to

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

which it actually breaks new ground. They perhaps do not sufficiently appreciate how much it represents the culmination of a long process of development, rooted in the British social tradition, which has already given rise to a wide range of public services playing a vital part in the lives of millions of ordinary citizens.

II

The origins of the British social services have to be sought many centuries back in English and Scottish history. The highly organized public services which exist today are the contemporary expression of two traditions deep-rooted in British social life — the tradition of social benevolence and that of mutual aid.

The *limitations* of voluntary social provision were first acutely felt in England in the fifteenth and sixteenth centuries. The great economic changes of that period, above all the enclosure of arable land for sheep pastures and the expansion of urban industry and commerce, set up social strains and created problems with which mediaeval institutions were incapable of dealing. Feudal society was breaking up, and the landless men who began to rove the countryside and crowd into the towns could not be provided for in their adversity by voluntary almsgiving or through the mutual assistance funds of the decaying guilds. Some statutory provision on a nation-wide basis was plainly needed and, after a period of local municipal experiment characteristic of English social history, a national system of poor relief was brought into being towards the end of the reign of Elizabeth.

The great Act which consolidated the Elizabethan Poor Law was passed in the year 1601. Since then the administrative details have been profoundly modified, but in principle the Elizabethan Act has remained the basis of the English system of providing for those who have no other means of support. It remains the duty of the local authority — in Elizabethan times the Justice of the Peace, in our own time democratically elected local Public Assistance Committees — to maintain the destitute according to their need, yet in such a way as to discourage a preference for relief rather than employment. The cost of relief continues to be borne by local taxpayers and, although the establishment of many new social services, notably those providing cash benefits during sickness, unemployment, widowhood and old age, has relieved the Poor Law of many of its responsibilities, the annual charge on local budgets remains considerable. Under the Bev-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

eridge plan, however, the wide extension of social insurance and the creation of a National Assistance Service will dispose of the greater part of the local burden of relieving distress. The responsibility of the local authorities will be limited to providing specialized institutions — such as homes for children, old people, and the mentally deranged.

For over two hundred years the Poor Law was the only public social service in England and Wales.[1] It comprehended within its scope, however, many forms of social provision which, in more recent times, have been made under specialized schemes. Relief was given to the sick, the halt and the blind, and to widows and the elderly who had no family to maintain them. Orphan children and the children of the destitute were given homes and employment; and the able-bodied unemployed were either "set to work" or given relief. Standards of relief varied from county to county, but they were nowhere high. It can never have been a pleasant thing to be a pauper. Yet the fact that the Poor Law offered a last resort for citizens in adversity was probably an important factor governing the relatively peaceful evolution of the British social system.

The great reform of the Poor Law which took place in 1834 was an attempt, based on Benthamite principles, to deal radically with the administrative weaknesses and abuses revealed by the unprecedented strains set up by the Napoleonic Wars and their aftermath of poverty and unemployment. The social consequences of this reform were far-reaching. The administration of the new Poor Law was sounder and much less wasteful than the old system, but it was unnecessarily harsh and repressive in its attempt to prevent malingering and abuse. It earned the bitter hatred of the working-class population and their sympathizers, and this destroyed the possibility of its evolution into the great public social service which it might otherwise have become.

During the greater part of the nineteenth century the prevailing social philosophy was hostile to the assumption by the state of any responsibility for the personal affairs of individual citizens who had not actually fallen into destitution. It is true that, after the first Reform Act and, later, with increasing seriousness as the

[1] In Scotland, which was an independent kingdom until 1603 and a self-governing kingdom for another hundred years, the development of the Poor Law was rather different from that of the English system. The relief of the poor remained a function of the Kirk until the middle of the nineteenth century, and the collection of funds for this purpose was conducted, for the most part, on a voluntary basis until 1845.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

franchise was extended, successive Parliaments interested themselves in a wide range of social issues. The state accepted some responsibility for providing elementary education as early as 1833 and it recognized its responsibility for providing a wide range of environmental and protective services during the course of the century. Legislation was introduced to protect the interests of workers in factories, mines and workshops, and many of the grosser evils of early industrialism were gradually eliminated. Public Health Acts revolutionized urban sanitation. Scores of municipalities (reformed and invigorated by the Municipal Corporations Act of 1835) opened parks and recreation grounds and provided libraries and swimming baths. An attack was made on the problem of overcrowding and slum clearance. But many persons held less than fifty years ago that for the state to make any direct provision for the personal welfare of its less fortunate citizens, except — in the last resort — through the Poor Law, was to undermine the independence, self-reliance and initiative of the individual, and to impair the mainspring of economic effort in the community. In such an age of opportunity and progress, what excuse was there for anyone who was not the victim of unmistakable misfortune not to be able to stand on his own economic feet?

So long as the upswing of economic progress was uninterrupted and the apparently unlimited possibilities of emigration provided an effective safety valve for discontent, it was natural that the principles of economic liberalism should dominate the social thinking of Victorian England. Towards the end of the century, however, these principles — never strictly observed in practice — began to give way under the impact of new forces and new philosophies. The great industrial depressions of the eighties and nineties seriously disturbed the complacency of those who believed that the social evils of the times would disappear with the inevitable march of economic progress. The recently enfranchised working class clamored for a greater share of the attention of Parliaments now increasingly responsive to their wishes. The propaganda of the Fabians and the investigations of Charles Booth (the enlightened Conservative businessman who organized the first great survey of "London Life and Labor"), not only awakened a new social conscience, but created a new attitude towards the study of contemporary social problems. Accepted social dogmas were critically examined, and the problems of old age, unemployment, ill-health and similar questions were

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

C LIBRARY
ILLINOIS

studied on the basis of a scientific analysis of available social data. Gradually it came to be recognized that unless the state was prepared to undertake much wider responsibilities for the personal welfare of its citizens, there was little hope of dealing with the problem of poverty and of its concurrent social evils.

The changing climate of social opinion affected both the two great political parties. Earlier in the century Benjamin Disraeli had a prophetic glimpse of the need for radical social changes which he did not forget altogether when he became Prime Minister; but in his day Conservative social reform stopped short of remedying the deficiencies in personal incomes which were due to social injustice or insecurity. Joseph Chamberlain — "that terrible fellow" — broke with Gladstone over Irish Home Rule, but continued as a Liberal Unionist to campaign for a vigorous policy of social reform, including contributory old age pensions. Nevertheless his actual achievements as a Minister in Conservative Governments belied his early promise as a radical leader. Assuredly the praise which rewarded his success in introducing the first modern public social service — the workmen's compensation scheme of 1897 — was well merited. On the other hand, his interest in old age pensions and the rest of his earlier social program did not survive his later preoccupation with imperial affairs and tariff reform. The Gladstonian Liberals were for the most part dominated by the classical principles of economic individualism and, apart from the great educational reform of 1870, they made no outstanding contribution to the development of the British social services. After their defeat over Irish Home Rule in 1885, the Liberal Party was out of office for twenty years, save for a brief interval in the nineties. During this period they began to qualify their traditional doctrine under the influence of electoral pressures and of the new social ideas which their growing radical wing absorbed with enthusiasm. It was to be expected that the Liberal Governments of the new century, responding to the insistence of a wider, better educated and more vitally interested electorate, should embark on a revolutionary enlargement of the sphere of state activity.

The Liberal Government of 1906, supported by a substantial majority in the House of Commons, and stiffened by 53 Labor members, immediately proceeded to introduce a succession of social measures which constituted a veritable "New Deal" for the British working class. This they did without waiting for the

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

recommendations of the Royal Commission on the Poor Laws, which had been established by the outgoing Conservative Government. A break with the Poor Law was made at once. The revelations of an official Committee on Physical Deterioration, appointed after the Boer War, led to an Act which permitted local education authorities, *not* the Poor Law authorities, in England and Wales, to provide meals for needy school-children. In the following year the duty was imposed on all English and Welsh education authorities of arranging for the medical inspection of school-children. In 1908 a 30-year-old agitation came to an end with the provision of non-contributory old age pensions at the age of 70, subject to a mild test of personal means but free from any suggestion of Poor Law "stigma." The first British Town Planning Act was passed in 1909; and, in the following year, Winston Churchill, then President of the Board of Trade, advised by an able young civil servant, William Beveridge, set up a national system of employment exchanges to introduce some order into an unregulated labor market. The Liberal Government also extended Joseph Chamberlain's Workman's Compensation Act which had been limited in application to certain specially dangerous industries. Agriculture had been added in 1900, but the Liberal Act of 1906 extended the scheme to cover practically every case in which people (below defined income limits) stood to each other in the relation of master and servant. At the same time the payment of compensation in the case of specific industrial diseases was provided for.

By modern standards, the additional cost to the Exchequer of these new developments was extremely modest. However, the methods chosen by the Chancellor, the then "dangerously radical" Mr. Lloyd George, to deal with his budgetary problem in 1909 led to a conflict with the House of Lords and a political crisis. The Government emerged from the two General Elections which followed with a much reduced majority, but it was able to impose severe limitations on the power of the hereditary House of Lords to frustrate the wishes of the democratically elected Commons. In 1911, Lloyd George broke new ground in social policy by introducing two important contributory insurance schemes — against ill-health and unemployment respectively. Part One of the National Insurance Act, which came into operation in July 1912, provided for the payment of sickness, disablement and maternity cash benefit and for a general practitioner

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

PUBLIC LIBRARY
[illegible], ILLINOIS

service and certain other medical benefits for the insured person. The scheme was not introduced before the acquiescence of the Friendly Societies, insurance corporations and the medical profession had been secured by measures of appeasement in the course of a lively controversy. It covered practically everyone between the ages of 16 and 70 who was employed under a contract of service in manual labor (or in non-manual employment if receiving not more than £160 a year)[2]. Part Two of the 1911 Act introduced a limited scheme of unemployment insurance for certain skilled industries in which marked fluctuations in employment were known to occur.[3]

The Liberal Government had now laid down the foundations of a comprehensive system of social security measures, outside the Poor Law. Before the outbreak of the First World War they were able to round off their labors with the provision of grants to local authorities for preventing and treating tuberculosis, for ascertaining and caring for mental defectives, and for developing maternity and child welfare centers.

During the First World War many of the social services which had been created in the previous eight years were improved and extended. In 1916 a public service for the prevention and treatment of venereal diseases was established, and a far-reaching measure of educational reform was introduced in 1918. After the war Coalition, Conservative, Labor and "National" Governments all made their contribution to the development of the social services. Maternity and child welfare services were widely extended. The arrangements for looking after the welfare of the blind were greatly improved. In 1925, Winston Churchill, now Chancellor of the Exchequer in a Conservative Government, introduced the first national scheme of *contributory* pensions for widows, orphans and old people over the age of 65. This scheme was enlarged in scope by the second Labor Government in 1929, and in 1937 the "National" Government extended the privilege of voluntary insurance under the state scheme to persons with small incomes who were not covered by the compulsory arrangements. There were, however, two social problems which over-

[2] The remuneration limit for non-manual workers was raised to £250 in 1919, and to £420 in 1942.

[3] At the outset it covered some 2¼ million workers. In 1916 it was extended to cover some 1½ million further workpeople, and in 1920 a new Unemployment Insurance Act superseded the original scheme and extended unemployment insurance to cover 11 million workers. By 1938 over 15 million were covered.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

shadowed all others throughout the inter-war period — housing and the relief of unemployment.

The rapid and uncontrolled growth of British industrial towns during the nineteenth century had left a legacy of bad housing, overcrowding and squalor upon which pre-1914 social legislation had made very little impression. This situation was aggravated owing to the suspension of house building during the First World War, and public opinion compelled every postwar government to devote some attention to it. A long series of housing Acts were passed in the interwar period and the production of cheap, well-planned houses for the workers was facilitated by public subsidies. As a result, quite remarkable progress was made. Over four and a half million new houses were built — most of them of the type required by working-class families; and several hundred thousand slum houses were demolished. Within two decades, over one-third of the entire population of Great Britain was provided with new homes. Large-scale rehousing was the greatest achievement of British social policy between the wars.

The emergence of mass unemployment as a chronic national problem caused the gravest political anxieties during this period. Positive measures for dealing with the problem were initiated — training schemes, industrial transference, public investment — but the scale of these experiments was never commensurate with the unprecedented size of the problem. Steps were taken, however, to maintain the standard of life of the unemployed at a decent level without recourse to the Poor Law. In 1920 unemployment insurance was extended to cover about two-thirds of the wage-earning population; and in 1934, after a great deal of trial and error, an unemployment assistance service was set up to provide for workers who were outside the scope of unemployment insurance or who had exhausted their insurance rights. In 1936 a special unemployment insurance scheme was started for agricultural workers. Meanwhile, the Poor Law itself had been reorganized, in 1929, broadly along the lines suggested 30 years earlier by the famous Royal Commission. Generously administered in its new form by local Public Assistance Committees, it continued to play an important part as a service which could be relied upon to fill in gaps and supplement other public social services where and when the need arose.

Some idea of the remarkable expansion of the British social services which took place between the first year of the century

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

and the eve of the Second World War can be gained from a study of the amounts distributed to beneficiaries under these schemes during this period. In 1900–1 only poor relief and workmen's compensation were available and some £4 millions were paid out. By 1914–15 non-contributory pensions, and unemployment and health insurance had been added; and the total cash benefits had increased to £25 millions. By 1921–22 the schemes had been extended in scope and the rates of benefit increased so that the money paid out had now risen to £111 millions. A start was made in 1926 in paying contributory pensions, and the cost increased rapidly. Cash benefits and assistance in 1938–9 accounted for more than £236 millions — about nine times the 1914–15 figure and about 70 times the 1900–1 figure. It should be observed that these figures do not include the considerable sums expended on education, public health, housing and other "non-cash" social services. Britain's total social budget in 1938–9 accounted for over £500 millions — rather more than £10 per head of population, and more than 10 percent of her national output of goods and services.

During the present world conflict the British social services have been developed in many ways to deal with the strains which total war imposes on a complex modern society. The bombing of British cities, the evacuation of school-children, the destruction of private businesses, the employment of women, and the large scale movement of labor to man the expanding war industries — these and other wartime developments have stimulated the social welfare departments of the state (and the numerous voluntary welfare organizations which continue to play an important part in British social life) to undertake new burdens and to adventure in new fields of activity. In addition, the war years have seen one major addition to the main structure of the British system of social services. In March 1940 a measure was introduced providing contributory old-age pensions for insured women and the wives of insured men at the age of 60, and supplementary pensions for all old-age pensioners who could show their need for additional help. As a result of these changes 300,000 more women became eligible for contributory pensions, and considerably more than a million old people are now receiving augmented pensions. Another wartime development, almost certainly due to the influence of the Labor members of the present Government, has been the substitution of a "personal means test" in place of the

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

household means test for determining the need of applicants for unemployment assistance and supplementary pensions. The reform removed a social irritant which had caused bitterness and resentment out of all proportion to its economic consequences throughout the nineteen-thirties.

III

The system of public social services built up in Britain during the last 50 years is not unimpressive. Nevertheless, it cannot be claimed that the existing arrangements are by any means satisfactory. The different services have grown up piecemeal, as political opportunities have presented themselves and without much regard either for consistency of principle or for the effect of one service on another. In the words of the Beveridge Report, they are "conducted by a complex of disconnected administrative organs, proceeding on different principles, doing invaluable service but at a cost in money and trouble and anomalous treatment of identical problems for which there is no justification." Moreover, they have left many wide gaps which, in so far as they have been filled at all, have been filled by high-cost commercial or mutual insurance, or by resort to poor relief. The exclusion from state insurance of persons working on their own account, and of non-manual workers earning more than £420 a year is a serious weakness. The rates of benefit paid in different circumstances vary meaninglessly and, in some cases, fall far short of human needs by any acceptable standard. It was to examine this situation and to make proposals for dealing with it that the Beveridge Committee on Social Insurance and Allied Services was set up in June 1941.

The Beveridge plan for the reorganization and development of the British social services is based on a diagnosis of want. Scientific surveys of social conditions in many British cities show with precision that in the years between the wars an appreciable proportion of the people in each town were living below the "poverty line." They also show that from three-quarters to five-sixths of this poverty, according to the precise standard chosen, was due to the interruption or loss of earning power. Practically the whole of the remaining one-quarter to one-sixth was due to failure to relate income during earning to the size of family. It follows from this analysis that the abolition of want requires, first, adequate provision against the interruption and loss of earning power; and,

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

second, the adjustment of incomes, in periods of earning as well as when earning is interrupted, to family needs. Sir William Beveridge proposes, therefore, that the existing social insurance schemes should be improved in three directions: by extension of scope to cover persons now excluded, by extension of purposes to cover risks now excluded, and by raising the rates of benefit. He suggests that the adjustment of earnings to family needs should be made by means of a system of state-financed children's allowances, payable for every dependent child after the first.

The main feature of the plan is that in place of the separate schemes which exist today there should be a single "all-in" state insurance scheme, covering all risks of loss of earning power and providing for special expenditure arising at birth, marriage or death. All citizens without upper income limit should be covered, but they would be classified for treatment according to their different ways of life. The rates of benefit payable should be sufficient to reach a decent minimum standard. The insurance fund should be financed by means of compulsory weekly contributions from employees, employers and the state, or, in the case of independent persons, from themselves and the state. Administrative responsibility should be unified, needless duplication avoided, and expenses greatly reduced. If the plan is adopted substantially in the form in which it is presented in the Report, no citizen of Great Britain need have fear of poverty resulting from unemployment, sickness, accident, widowhood or retirement in old age, and the economic strains which are associated with setting up a home, childbirth and family bereavement will be eased by marriage, maternity and funeral grants. The payment of children's allowances will raise the economic status of the family, and the establishment of a National Assistance Service will insure that extra help will be available in all cases where special circumstances and exceptional needs exist. The plan assumes that the provision of medical treatment, including rehabilitation services for the injured, will be the responsibility of a National Medical Service covering the entire population.

It must not be thought that the Beveridge plan is a grandiose scheme for distributing public funds in the spirit of Santa Claus. British workers have long been in the habit of devoting a proportion of their weekly earnings to various forms of social insurance, a fact which Lloyd George recognized and took advantage of when he introduced National Health and Unemployment Insur-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

ance in 1911. Under the Beveridge plan they will continue to make this provision, though on much more advantageous terms. Considerable economies are expected to result from the unification of existing schemes and the assimilation of what are now very expensive forms of mutual and commercial insurance. Benefits under the plan will be related to contributions. They will also depend on the fulfillment of certain conditions by the beneficiaries. Above all, workers who are unemployed will be expected to keep themselves fit for employment and, after a period, to undergo courses of training. The payment of sickness benefit and of industrial pensions is to be linked with the proposed National Medical Service in restoring the sick and rehabilitating the injured. The total cost of the scheme, including children's allowances and the National Medical Service, is expected to be £697 millions in the first year of full operation (assumed to be 1945), rising over the next 20 years to £858 millions. The estimated figure for 1945 is £265 millions more than what the existing British social insurance and assistance services will, in any event, cost in that year. Of the increase, £86 millions are expected to be collected in the form of general taxation; £125 millions will be paid by insured persons in weekly contributions; and £54 millions will be obtained by an additional levy on employers.

IV

The Beveridge Report was published December 1, 1942. Less than three months later the Government announced, during the course of a three-day debate in the House of Commons, that it had accepted the greater part of the plan in principle, with the qualification that it would undertake no binding financial commitment until the estimated cost of the proposals could be examined in relation to other calls upon public funds for reconstruction purposes. Despite this important reservation, the *Times* was certainly justified in commenting on Sir John Anderson's announcement: "with all its limitations no speech ever delivered in the House of Commons has committed a Government to more far-reaching measures of social advance."

Three major proposals were adopted: (1) the unification and extension to all sections of the community of existing social insurance schemes, with improved rates of benefit; (2) the introduction of state-financed children's allowances (though at a lower rate than Sir William Beveridge proposed, and partly in the form of

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

children's services rather than cash); and (3) the establishment of a National Medical Service. The payment of a state funeral grant was agreed upon; but the more tentative Beveridge recommendation for the nationalization of the whole business of industrial assurance — now in the hands of commercial insurance companies and friendly societies — was rejected. On the other hand, it was announced that the participation of friendly societies and branches of commercial insurance companies in the administration of National Health Insurance (a legacy of the controversies of 1911) would be discontinued. The recommendations in the Report for gradually scaling up old-age pensions over 20 years were rejected in favor of a "once and for all" improvement in the rate of pension; and something rather more generous than Sir William Beveridge's proposed treatment of widows was promised.

Widely publicized expressions of genuine disappointment that the Government has not accepted the whole Report unfortunately deflected attention from the far-reaching advances to which the Government is now morally committed. As Sir William Beveridge himself has written, the acceptance of so much within three months "represents speed of action on a Report which can have few, if any, parallels in peace." The Government has not accepted the suggestion that a Minister of Social Security should be appointed to prepare the legislation and work out the administrative arrangements which will be necessary to give effect to the new proposals at the earliest possible moment after the war. Since so many different public departments are concerned, they decided that the most satisfactory method of dealing with such matters is to make them the responsibility of a Ministerial Committee. This Committee is now at work, and the country awaits the outcome with some eagerness and not a little impatience. The Beveridge plan has so fired the imagination of the British people that they are not likely to be satisfied with a legislative program which falls far short of its recommendations. But many of them are encouraged by the Prime Minister's recent broadcast to believe that the great leader who had the courage to offer them "blood, sweat and tears" in the hour of greatest danger will seek to crown the victory by introducing an inspiring program of reconstruction true to the spirit of the adventurous social policy with which he and Sir William Beveridge were so actively associated in the years before the First World War.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

RECENT BOOKS ON INTERNATIONAL RELATIONS

By Robert Gale Woolbert

NOTE — FOREIGN AFFAIRS will supply its readers, *post free*, with any book published in the United States, at the publisher's regular list price. Send orders, accompanied by check or money order, to Book Service, FOREIGN AFFAIRS, 45 East 65 Street, New York City.

General: Political, Military and Legal

WE CANNOT ESCAPE HISTORY. By JOHN T. WHITAKER. New York: Macmillan, 1943, 374 p. $2.75.

This book, by one of our leading journalists, is much more than just another eyewitness report on things seen and heard in various parts of the world. It is an interpretation of our times in which the author's experiences form the illustrations by which he makes his points. Step by step he traces the political disintegration and moral confusion which marked the retreat of the peaceloving nations before the advance of Fascist aggression until it was almost too late. The title, taken from Lincoln's message to Congress in 1862, expresses the author's hope that we shall now at last learn how impossible it is for any people to shirk its world responsibilities. This is one of the best books this war has produced.

LET THE PEOPLE KNOW. By NORMAN ANGELL. New York: Viking, 1942, 245 p. $2.50.

An indefatigable worker for international understanding and peace seeks to explain, in language comprehensible to the average intelligent citizen, the necessity for collective security as the only means of abolishing war.

SHORTAGE OF VICTORY. By GABRIEL JAVSICAS. New York: Appleton-Century, 1943, 372 p. $3.00.

After reviewing the rise of the contemporary totalitarian states and the accompanying drift of the world into a general war, the author concludes that the way to prevent such catastrophes is to prevent such states from arising.

SHOULD NATIONS SURVIVE? By HILDA D. OAKELEY. New York: Norton (London: Allen and Unwin), 1942, 146 p. $2.00.

The author sets forth what she regards as the true nature of the nation and seeks to reconcile it with the need for an attenuation of exaggerated and bellicose nationalism.

WE LIVE TO BE FREE. By EMMA GELDERS STERNE. New York: Farrar, 1942, 298 p. $2.00.

The history of democratic thought and practices told through the lives of some who believed greatly in them.

PLANS FOR WORLD PEACE THROUGH SIX CENTURIES. By SYLVESTER JOHN HEMLEBEN. Chicago: University of Chicago Press, 1943, 227 p. $2.50.

A scholarly history of the projects for universal peace that have been put forth since the Middle Ages.

MAKE THIS THE LAST WAR. By MICHAEL STRAIGHT. New York: Harcourt, 1943, 417 p. $3.00.

This is the fiery book of a very earnest young man who is in a hurry to reform the world forthwith. One can accept most of his objectives, and even his criticism of existing abuses, without, however, feeling that his impatience and his intellectual self-assurance are safe springboards from which to dive into the future.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

THE DEMOCRATIC ADVANCE. By Edward Mousley. London: Dakers, 1942, 200 p. 6/.

A long-range plan for reconstruction by democratic control and popular participation.

A PERMANENT UNITED NATIONS. By Amos J. Peaslee. New York: Putnam, 1942, 146 p. $1.50.

A review of previous efforts to organize the world for peace, together with suggestions for improving that organization in the future.

PLANS FOR A BETTER WORLD. By Jan Christiaan Smuts. London: Hodder, 1942, 288 p. 8/6.

Addresses delivered by the South African statesman between 1917 and 1941.

FACING THE FUTURE: LETTERS TO JOHN CITIZEN. By Lord Davies. London: Staples, 1942, 183 p. 3/6.

Lord Davies again stresses the need for a federation of the Anglo-Saxon peoples and the responsibility of the average citizen to take an intelligent interest in world affairs.

THE PEACE WE FIGHT FOR. By Hiram Motherwell. New York: Harper, 1943, 281 p. $3.00.

An American journalist seeks to visualize the political, economic and social conditions which may be expected to prevail in Europe when the war ends. In general his prognosis commands respect, as, for example, his emphasis on the critical rôle of food. His suggestions for therapeutic measures will seem — in some cases — less realistic.

THE MARCH TO LIBERATION. By Yves R. Simon. Milwaukee: Tower Press, 1942, 102 p. $2.00.

A Catholic philosopher's interpretation of the present "international civil war."

THE MODERN GOVERNMENT IN ACTION. By Ernest S. Griffith. New York: Columbia University Press, 1942, 91 p. $1.00.

Provocative ideas on the rapid transformation through which current governmental forms are passing. The author is Director of the Legislative Reference Service of the Library of Congress.

THE INTERNATIONAL ECONOMIC LAW OF BELLIGERENT OCCUPATION. By Ernest Feilchenfeld. Washington: Carnegie Endowment, 1942, 181 p. $1.50.

A scholarly, documented study in a field of timely interest.

LANDMARKS OF MODERN STRATEGY. By W. E. Hart. London: Methuen, 1942, 118 p. 6/.

A useful and reliable, though rather brief, guide to the fundamentals of German tactics and strategy.

THE SERPENT OF THE SEAS: THE SUBMARINE. By Commander Harley F. Cope. New York: Funk, 1942, 252 p. $2.50.

A popular description of submarine warfare, by an American naval officer.

WHAT THE CITIZENS SHOULD KNOW ABOUT WARTIME MEDICINE. By Joseph R. Darnall and V. I. Cooper. New York: Norton, 1942, 237 p. $2.50.

Another informative and timely volume in a worth-while series.

VANISHING EDEN. By Martin Birnbaum. New York: Rudge, 1942, 201 p. $3.50.

An entertaining travelogue of the South Seas, Africa, the Indies and Central America.

WAR IS PEOPLE. By Lorna Lindsley. Boston: Houghton, 1943, 272 p. $2.75.

Miss Lindsley has managed to be on hand during a number of calamities, which she has recorded in this colorful, very human book.

POLITICAL HANDBOOK OF THE WORLD, 1943. Edited by Walter H. Mallory. New York: Harper, for the Council on Foreign Relations, 1943, 202 p. $2.50.

This standard reference work provides detailed information on the governments, programs and leaders of political parties, and the political affiliations of newspapers of

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

all countries. In addition, the present edition, which is revised to January 1, 1943, records the legal basis for the Vichy régime, describes the Fighting French Government in London and General Giraud's Administration in North Africa, and gives the cabinets of all governments-in-exile as well as the war cabinets of the belligerent powers.

General: Economic and Social

ECONOMICS IN UNIFORM. By Albert T. Lauterbach. Princeton: Princeton University Press, 1943, 282 p. $3.00.

This study, bearing the subtitle "Military Economy and Social Structure," is a sound analysis of the purposes, methods and results of *Wehrwirtschaft* as practised in Europe, notably Nazi Germany. Though the work of a trained economist, its approach and language will be found readily comprehensible by the layman.

THE ECONOMICS OF 1960. By Colin Clark. New York: Macmillan, 1943, 118 p. $2.25.

A well-known Australian economist predicts that migration will be resumed after the war; that Britain will again become the greatest exporter of capital; and that the position of countries producing primary goods will improve as much as 90 percent from the level of 1925–34. These predictions will be challenged by cautious critics, who will question the validity of the author's assumptions as well as the boldness of his deductions.

CAN WE WIN THE PEACE? By Paul Einzig. New York: Macmillan, 1943, 148 p. $2.00.

Concrete proposals for a postwar economic settlement, including a plan for the industrial disarmament of Germany.

AN ECONOMIC PROGRAM FOR A LIVING DEMOCRACY. By Irving H. Flamm. New York: Liveright, 1942, 342 p. $3.00.

The author seeks to preserve capitalist enterprise as a motivating force in his planned but democratically controlled economy — for which he has a blueprint.

ECONOMIC PLANNING: ITS AIMS AND IMPLICATIONS. By Claude David Baldwin. Urbana: University of Illinois Press, 1942, 188 p. $2.50.

A monograph on the economic theory involved in contemporary planning schemes.

WORLD MINERALS AND WORLD PEACE. By C. K. Leith and Others. Washington: Brookings Institution, 1943, 253 p. $2.50.

An up-to-date statistical summary of the world's mineral production and resources, followed by an analysis of the economic and political problems involved in their control. Numerous statistical tables add to the value of this authoritative work.

ECONOMIC MINERAL DEPOSITS. By Alan M. Bateman. New York: Wiley, 1942, 808 p. $6.50.

A comprehensive, painstaking survey of the location and methods of extraction for all the world's minerals. An invaluable source book for all who are interested in raw material problems and foreign trade. There are numerous maps, diagrams and tables.

THE MYTH OF OPEN SPACES. By W. D. Forsyth. Melbourne: Melbourne University Press, 1942, 226 p. 17/6.

This is a scholarly scientific work from which, however, the layman will learn much concerning trends in population and migration. Though particular attention is given to Australia and Britain, some of the most interesting sections and statistical tables concern the world in general.

LENIN ON THE AGRARIAN QUESTION. By Anna Rochester. New York: International Publishers, 1942, 224 p. $2.50.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

The author traces the development of Lenin's ideas and policies concerning agriculture. Much of the text consists of the Bolshevik leader's own writings and speeches.

CLIMATE MAKES THE MAN. By Clarence A. Mills. New York: Harper, 1942, 320 p. $3.00.

A medical expert, utilizing his wide experience throughout the world, discusses the interrelation between man and his environment. He stresses the importance of the latter.

MAN AND SOCIETY IN CALAMITY. By Pitirim A. Sorokin. New York: Dutton, 1943, 352 p. $3.00.

In this sequel to his "Crisis of Our Age," a leading American sociologist explores man's unhappy history and seeks to reach generalizations concerning such recurrent calamities as war, revolution, famine and pestilence.

ANTI-SEMITISM AND THE JEWISH QUESTION. By I. Rennap. London: Lawrence, 1942, 116 p. 2/6.

A Marxist interpretation.

IN DEFENSE OF THE WEST. By Herbert von Beckerath. Durham: Duke University Press, 1942, 297 p. $3.50.

The author, Professor of Economics and Political Science at Duke University, seeks to bridge what he believes is an ever widening gap between the institutions and thought of economics on the one hand and politics on the other.

THE MORAL IDEALS OF OUR CIVILIZATION. By Radoslav A. Tsanoff. New York: Dutton, 1942, 636 p. $5.00.

A comprehensive history and analysis of the ethical bases of western culture as manifested not only by philosophers but by "poets, saints and social reformers."

THE GREAT CENTURY IN THE AMERICAS, AUSTRALIA, AND AFRICA, A.D. 1800–A.D. 1914. By Kenneth Scott Latourette. New York: Harper, 1943, 526 p. $4.00.

This fifth volume in an authoritative treatise on the history of Christian missionary activities will be of particular interest to those concerned with colonial problems.

WHERE ARE THEY MARCHING? By J. Stanley Durkee. Philadelphia: Dorrance, 1942, 204 p. $1.50.

An American Protestant minister seeks the underlying causes for our present chaos.

THE JUDGMENT OF THE NATIONS. By Christopher Dawson. New York: Sheed, 1942, 222 p. $2.50.

A diagnosis of the ills of western civilization and suggestions for their remedy and for the establishment of a sound world order resting on Christian principles.

OLD PRINCIPLES AND THE NEW ORDER. By Vincent McNabb. New York: Sheed, 1942, 246 p. $2.75.

A Catholic priest seeks a more Christian and human basis for our attitude towards social and economic problems.

THE CATHOLIC PATTERN. By Thomas F. Woodlock. New York: Simon and Schuster, 1942, 201 p. $2.00.

A believer's exposition and justification of Catholic doctrine. This book will form a useful background against which to project the rôle of the Church in world affairs.

THE CHRISTIAN APPROACH TO THE MOSLEMS. By James Thayer Addison. New York: Columbia University Press, 1942, 365 p. $3.75.

A history of the relations between Christianity and Islam, followed by a survey of the status and work of Christian missions in each Moslem country in the world.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

The Second World War

AND HELL FOLLOWED. By Odette Keun. London: Constable, 1942, 296 p. 8/6.

A highly critical and on the whole realistic account of the last days of peace and of the war up through the attack on Britain. The author has little patience with the stupidities and moral inadequacies of many of the leaders in the democratic countries.

THIS EXPANDING WAR. By Liddell Hart. London: Faber, 1942, 278 p. 12/6.

This volume consists largely of the author's newspaper articles concerning the conduct and strategy of the war. As in all his works, Captain Liddell Hart has many criticisms to make and suggestions to offer. He is, for example, in favor of more mechanization in the army and against a second front in Western Europe. He is sometimes more convincing in his discussion of tactics than of strategy.

THE POLITICS OF THIS WAR. By Ray Forrest Harvey and Others. New York: Harper, 1943, 333 p. $2.00.

A dozen writers examine various aspects of our war effort with particular attention to the political implications, both domestic and international.

THE WAR OF CONFUSION. By Leslie Balogh Bain. New York: Mill, 1942, 155 p. $2.00.

An attempt, by a radio commentator, to remove some of the confusion concerning the objectives and the relative strengths of the contending powers.

UNDERGROUND EUROPE CALLING. By Oscar Paul. London: Gollancz, 1942, 158 p. 4/6.

An ex-editor of the *Arbeiter Zeitung* of Vienna tells of the coming popular anti-Fascist revolt in Europe which he predicts must accompany any successful military invasion.

ARE WE WINNING THE HARD WAY? By Major Malcolm Wheeler-Nicholson. New York: Crowell, 1943, 256 p. $3.00.

An American officer and military writer pays his respects to those on our side who are trying to fight this war according to outmoded strategic traditions and conceptions.

WE CAN WIN THIS WAR. By W. F. Kernan. Boston: Little, Brown, 1943, 176 p. $1.50.

Colonel Kernan issues various critical dicta on the strategy and conduct of the war but leaves the reader pretty up in the air as to what to do about it all.

THE FIGHT FOR AIR POWER. By William Bradford Huie. New York: L. B. Fischer, 1942, 310 p. $2.50.

Like so many of those who are writing on the rôle of air power in this war, Mr. Huie is carried away with his enthusiasm and seems to overstate his case.

THE AIR OFFENSIVE AGAINST GERMANY. By Allan A. Michie. New York: Holt, 1943, 152 p. $2.00.

Another statement (more restrained than some) for the thesis that the way to put Germany out of business this year is by an all-out air attack as a prelude to an Allied invasion. The author reports on the damage already inflicted on Nazi-occupied Europe and exposes what he believes to be the influences which are impeding the full utilization of Allied air power. He is skeptical of the effectiveness of daylight precision bombing.

WHERE THE STORM BROKE. By Stanislaw Strzetelski. New York: Roy, 1942, 257 p. $2.50.

The author is a Polish journalist, army officer and one-time member of the Sejm. His book seeks to present a comprehensible account of Poland's prewar policy and of her resistance to the Nazis during and since the Blitzkrieg of September 1939.

WAR IN THE WEST. By Daniel Vilfroy. Harrisburg: Military Service Publishing Co., 1942, 163 p. $2.50.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

A French staff officer who went through the campaign of 1940 discusses German and French strategy, traces the course of that campaign, and seeks the causes — military and otherwise — for the French débâcle.

TAPESTRY OF A DEBACLE: FROM PARIS TO VICHY. By Arved Arenstam. London: Constable, 1942, 194 p. 8/6.

A candid picture of affairs in Vichy during the early months of the Pétain régime, by a Latvian journalist.

A FRENCH OFFICER'S DIARY (23 August 1939–1 October 1940). By D. Barlone. New York: Macmillan, 1943, 155 p. $2.00.

This is the personal record of things lived, seen and heard by a captain in the French Army during the Sitzkrieg, the débâcle and the author's eventual escape to London, where he joined the forces of de Gaulle.

CAMARADES DE COMBAT. By Florence Conrad. New York: Brentano, 1942, 345 p. $2.00.

A personal account of experiences in the battle zone during the Blitzkrieg in France.

LA GUERRE POURRIE. By Ernst Erich Noth. New York: Brentano, 1942, 330 p. $1.50.

A keen observer adds to the mounting evidence concerning the fall of France by reporting his own recollections for the period from the spring of 1938 to June 1941.

DENMARK: HITLER'S "MODEL PROTECTORATE." By Sten Gudme. London: Gollancz, 1942, 165 p. 8/6.

A good description of the manner in which the Danish people have reacted to their Nazi overlords and the traitors among them.

THE MOUNTAINS WAIT. By Theodor Broch. St. Paul: Webb, 1943, 325 p. $3.00.

The graphic story of the Nazi attack on Narvik, the subsequent Allied campaign and occupation, and the final evacuation, told by the youthful mayor of that city. This is one of the best personal accounts to come out of the war.

THEY CAME AS FRIENDS. By Tor Myklebost. Garden City: Doubleday, 1943, 297 p. $2.50.

The story of how the Norwegian people have reacted to Nazi rule. The author, a journalist now attached to the Norwegian Embassy in Washington, gives valuable information concerning conditions and events in occupied Norway.

WE LANDED AT DAWN. By A. B. Austin. New York: Harcourt, 1943, 217 p. $2.00.

A vivid eyewitness account of the Commando raid on Dieppe on August 19, 1942.

DRESS REHEARSAL: THE STORY OF DIEPPE. By Quentin Reynolds. New York: Random House, 1943, 278 p. $2.00.

A noted American war correspondent covers the Dieppe raid in person and comes back with this report, much more exuberant than Mr. Austin's.

HE WANTED TO SLEEP IN THE KREMLIN. By Gerhard Schacher. New York: Reynal, 1942, 261 p. $2.00.

An explanation of the Nazi attack on Russia and of its unhappy results for Hitler, not only militarily at the front but politically within Germany.

WHITE MAMMOTHS. By Alexander Poliakov. New York: Dutton, 1943, 189 p. $2.50.

A vivid account of Soviet tank units in action, by a Russian correspondent killed at the front late in 1942.

DEATH AT MY HEELS. By David Walker. London: Chapman, 1942, 256 p. 16/.

A first-rate account, by a British journalist, of affairs and events in the Balkans before and during the Nazi-Fascist invasion of Jugoslavia and Greece.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

WINGS OVER OLYMPUS. By T. H. Wisdom. London: Allen and Unwin, 1942, 229 p. 9/.

A vivid, first-hand account of the war in the air in the Western Desert, during the Greek campaign, and in Crete.

THE GREEK MIRACLE. By "Athenian." London: Chapman, 1942, 144 p. 6/.

A chronicle, largely from second-hand sources, of the campaign in Greece.

THE CAMPAIGNS OF WAVELL: THE INNER STORY OF THE EMPIRE IN ACTION. By Donald Cowie. London: Chapman, 1942, 252 p. 16/.

A New Zealand journalist sums up the military operations in Libya, Abyssinia, Greece, Crete, Iran and Syria during the period from September 1940 to September 1941. He is frequently critical of the higher direction of the war on the British side.

SINGAPORE AND AFTER. By Lord Strabolgi. London: Hutchinson, 1942, 158 p. 9/6.

A lucid account of the Singapore campaign, the conduct of which the author finds deserving of much criticism.

THE WAR MOVES EAST. By "Strategicus." London: Faber, 1942, 234 p. 10/6.

The author carries his story of the war, in this fourth volume in his series, from August 1941 to February 1942. He covers the political as well as military fronts.

SINGAPORE IS SILENT. By George Weller. New York: Harcourt, 1943, 312 p. $3.00.

Here we have in depressing detail the story of the disastrous campaign in the Malay Peninsula. The author covered these operations for the *Chicago Daily News*.

RETREAT WITH STILWELL. By Jack Belden. New York: Knopf, 1943, 368 p. $3.00.

In this book Mr. Belden, who covered the Burma campaign for *Time* and *Life*, has given us one of the more graphic and cogent books on the fighting in Asia. He not only describes the military operations of the campaign but analyzes and exposes the underlying political and psychological shortcomings of the British régime in Burma which he believes made the disaster inevitable.

EXCHANGE SHIP. By Max Hill. New York: Farrar, 1942, 312 p. $2.50.

Mr. Hill, formerly head of the Associated Press Bureau in Tokyo, returned from Japan along with other American foreign service officers and civilians exchanged at Laurenço Marques. In this book he recounts his experiences, including six months in a Japanese prison, and those of some of his fellow passengers on the *Gripsholm*.

BATTLE FOR THE SOLOMONS. By Ira Wolfert. Boston: Houghton, 1943, 200 p. $2.00.

A gripping eyewitness story of the fighting on land, in the air and at sea in the Solomon Islands during October and November 1942, by an American correspondent.

BLOCKADE BY AIR: THE CAMPAIGN AGAINST AXIS SHIPPING. By J. M. Spaight. London: Bles, 1942, 159 p. 10/6.

A leading British authority on aviation comes out for a ruthless air war against the enemy's shipping as one of the sure means to victory.

THE BATTLE FOR SUPPLIES. By E. V. Francis. London: Cape, 1942, 184 p. 8/6.

An investigation into the effects of the Allied blockade on Nazi-dominated Europe and of the precarious position of the maritime Powers pending the day when they become superior in terms of planes, tanks, ships and the like.

NONE MORE COURAGEOUS: AMERICAN WAR HEROES OF TODAY. By Stewart H. Holbrook. New York: Macmillan, 1942, 245 p. $2.50.

In glowing prose Mr. Holbrook recounts the stories of some of the outstanding American heroes and heroines of the early months of the war in the Pacific.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

A ... ILLINOIS

The United States

WILSON'S IDEALS. Edited by Saul K. Padover. Washington: American Council on Public Affairs, 1942, 151 p. $2.50.

Selections from Wilson's addresses and writings arranged in handy form to illustrate his political, economic and social philosophy.

VISUAL OUTLINE OF AMERICAN FOREIGN POLICY. By Walter B. Norris. New York: Longmans, 1943, 136 p. 75 cents.

A carefully organized manual intended primarily for the student.

OUR NEW ARMY. By Marshall Andrews. Boston: Little, Brown, 1942, 225 p. $1.50.

A report to the American people on how their new Army is trained and equipped.

AMERICA AT WAR: A GEOGRAPHICAL ANALYSIS. Edited by Samuel Van Valkenburg. New York: Prentice-Hall, 1943, 296 p. $2.50.

Nine chapters by six American geographers concerning the relations between geographic factors and national policy, especially defense. In the last chapter Professor Van Valkenburg of Clark University divides the postwar world into "economic blocs."

ECONOMIC FLUCTUATIONS IN THE UNITED STATES. By Edwin Frickey. Cambridge: Harvard University Press, 1942, 375 p. $5.00.

A statistical analysis of economic trends and cycles during the period 1866–1914, by an associate professor of economics at Harvard. There are tables and charts.

OUTLAY AND INCOME IN THE UNITED STATES, 1921–1938. By Harold Barger. New York: National Bureau of Economic Research, 1942, 391 p. $2.50.

A somewhat technical study based on a wealth of statistical material.

EMPLOYMENT IN MANUFACTURING, 1899–1939. By Solomon Fabricant. New York: National Bureau of Economic Research, 1942, 362 p. $3.00.

This is another of the first-rate statistical and analytical studies prepared under the auspices of the Bureau by a member of its research staff.

A TREATISE ON WAR INFLATION. By William Fellner. Berkeley: University of California Press, 1942, 180 p. $2.00.

This timely analysis was made under the auspices of the Bureau of Business and Economic Research of the University of California. The author stresses the importance of a sound fiscal policy in the United States.

WAR AND POST-WAR SOCIAL SECURITY. Edited by Wilbur J. Cohen. Washington: American Council on Public Affairs, 1942, 89 p. $1.00.

A symposium by government officials, university professors and other experts.

AMERICAN ECONOMIC OBJECTIVES. Edited by Captain William McKee and Louis J. Wiesen. New Wilmington (Pa.): Economic and Business Foundation, 1942, 220 p. $2.50.

A record of forums held during 1942, dealing with current and postwar problems.

WINGS OVER AMERICA: THE INSIDE STORY OF AMERICAN AVIATION. By Harry Bruno. New York: McBride, 1942, 333 p. $3.00.

A lively history of the growth of American aviation, more personal and anecdotal than comprehensive.

ADMINISTRATIVE REGULATION. By Avery Leiserson. Chicago: University of Chicago Press, 1942, 292 p. $3.00.

"A study in representation of interests" in the United States.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

THE FACTS ARE. By Gilbert Seldes. New York: In Fact, 1942, 127 p. $1.00.

Mr. Seldes has long carried on a polemical crusade against those newspaper publishers who, he feels, are betraying the public trust. In this tract he returns to the attack, quoting much chapter and verse.

HERE IS ALASKA. By Evelyn Stefansson. New York: Scribner, 1943, 154 p. $2.50.

A richly illustrated, highly readable description of the country and people, by the wife of the noted explorer.

AMERICAN POLYNESIA AND THE HAWAIIAN CHAIN. By Edwin Horace Bryan, Jr. Honolulu: Tongg Publishing Company, 1942, 253 p. $2.50.

This edition of the author's "American Polynesia" has been revised and expanded by the addition of 12 new chapters on the Hawaiian Islands, Midway and Wake.

PUERTO RICO: THE NEXT STATE. By Bolívar Pagán. Washington: The Author, 1942, 108 p.

Well-organized information concerning the history of the island, by its Resident Commissioner in Washington.

Western Europe

GERMANY IN PERIL. By Erich Meissner. London: Oxford University Press, 1942, 120 p. 7/6.

The modern history of Germany interpreted as a steady decline brought about by such destructive factors as the Reformation and the rise of a capitalist society.

GUILTY GERMANS? By Aubrey Douglas Smith. London: Gollancz, 1942, 239 p. 6/.

The author finds that not the Germans but capitalism is the villain in the piece.

IS GERMANY INCURABLE? By Richard M. Brickner. Philadelphia: Lippincott, 1943, 318 p. $3.00.

A psychiatrist diagnoses the pathological trends and manifestations in modern German history which culminated in Nazism and Hitler. Some readers will feel that his diagnosis is more convincing than the remedy he suggests.

THE THOUSAND-YEAR CONSPIRACY: SECRET GERMANY BEHIND THE MASK. By Paul Winkler. New York: Scribner, 1943, 381 p. $2.75.

The author, described as a European newspaperman, finds that the Nazi régime is merely the latest manifestation of an occult conspiracy by "Prusso-Teutonic Junkers" that has come down from generation to generation since early Germanic times.

THE BLOCKADE OF GERMANY AFTER THE ARMISTICE 1918–1919. Edited by Suda Lorena Bane and Ralph Haswell Lutz. Stanford University: Stanford University Press, 1942, 874 p. $6.00.

This volume consists of "selected documents of the Supreme Economic Council, Superior Blockade Council, American Relief Administration and other wartime organizations." Peace planners will find it of timely interest.

GERMAN STRATEGY OF WORLD CONQUEST. By Derwent Whittlesey and Others. New York: Farrar, 1942, 293 p. $2.50.

This addition to the growing literature on geopolitics is more objective than most interpretations that have already appeared, and is particularly useful for its numerous quotations from, and references to, the works of the principal geopolitical writers. A number of maps are reproduced to illustrate cartographic devices by which the adepts of German geopolitics seek to facilitate acceptance of their arguments. The author was assisted by Professors C. C. Colby and Richard S. Hartshorne.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

THE WORLD OF GENERAL HAUSHOFER. By Andreas Dorpalen. New York: Farrar, 1942, 337 p. $3.50.

This is a more subjective analysis of geopolitics than that in Whittlesey's work. Nor does it seek the roots of geopolitical ideas so deep in German history. It contains numerous excerpts from geopolitical writings.

GERMANY'S MASTER PLAN: THE STORY OF INDUSTRIAL OFFENSIVE. By Joseph Borkin and Charles A. Welsh. New York: Duell, 1943, 339 p. $2.50.

Two federal officials expose German schemes for attaining economic hegemony by means of the international cartel, notably in the field of chemicals and dyes.

THE NAZI STATE. By William Ebenstein. New York: Farrar, 1943, 355 p. $2.75.

A sound, systematic survey of the structure and operation of the Nazi régime, by an associate professor of political science at the University of Wisconsin.

NAZI CONQUEST THROUGH GERMAN CULTURE. By Ralph F. Bischoff. Cambridge: Harvard University Press, 1942, 198 p. $2.00.

A scholarly monograph on the history of organized efforts, ever since the early nineteenth century, to advance German political objectives by cultural means. Particular attention is given to Czechoslovakia and the United States.

A COMBINE OF AGGRESSION. By Karl Otten. London: Allen and Unwin, 1942, 356 p. 15/.

A provocative analysis of the psychological problems out of which Nazism grew.

EUROPE VERSUS AMERICA. By R. H. M. Worsley. London: Cape, 1942, 204 p. 8/6.

A description of the manner in which the Nazis have organized Europe, together with an account of their plans for extending this system to the entire world.

THE ETERNAL FRONT. By Elisabeth Castonier. London: Clarke, 1942, 125 p. 3/6.

An account of the opposition against the Nazi régime on the part of both the Protestant and Catholic Churches in Germany.

IT'S YOUR SOULS WE WANT. By Stewart W. Herman, Jr. New York: Harper, 1943, 315 p. $2.50.

A Protestant clergyman, until recently Pastor of the American Church in Berlin, describes the religious aspect of Nazism with insight and restraint.

THE SILENT WAR: THE UNDERGROUND MOVEMENT IN GERMANY. By Jon B. Jansen and Stefan Weyl. Philadelphia: Lippincott, 1943, 356 p. $2.75.

Two one-time members of the anti-Nazi underground in Germany, writing under pseudonyms, describe the operations and achievements of that movement.

THE ETERNAL GER-MANIAC: HITLER AND HIS SPIRITUAL ANCESTORS. By Rolf Tell. London: Allen and Unwin, 1942, 185 p. 8/6.

An attempt, by testing Hitler's statements against the criteria of abnormal psychology, to show that the Führer is a psychopathic case.

THE RISE AND FALL OF THE HOUSE OF ULLSTEIN. By Herman Ullstein. New York: Simon and Schuster, 1943, 308 p. $3.00.

The history, covering half a century, of one of Germany's greatest publishing businesses — until the Nazis took it over.

VICHY: TWO YEARS OF DECEPTION. By León Marchal. New York: Macmillan, 1943, 251 p. $2.50.

A highly informative account of the personalities, events and methods which characterized the Pétain régime, with and without Laval, during the period when the pretense of an "unoccupied" France was maintained. The author served in the French diplomatic service under Vichy, first in North Africa and then in Washington. When Laval returned to power in 1942, Marchal resigned in order to join the Fighting French.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

I WORKED WITH LAVAL. By Lieutenant-Colonel Pierre Tissier. London: Harrap, 1942, 128 p. 5/.

This little book by a former Vichy official, now associated with de Gaulle, contains sketches not only of Laval but of a number of other "collaborationists."

THE ENIGMA OF ADMIRAL DARLAN. By Alec de Montmorency. New York: Dutton, 1943, 194 p. $2.50.

This book was apparently conceived as a justification for our utilization of Darlan in North Africa and doubtless later in France, had he lived. The author, who writes under a pseudonym, is frankly an admirer of Darlan and an apologist for his tortuous policy. The discerning reader will readily discount the praise heaped on the Admiral, for the author clearly has an underlying anti-democratic bias. The danger is that many may accept the author's sincerity and thus his point of view.

LIFE IN UNOCCUPIED FRANCE. By Neville Lytton. New York: Macmillan, 1943, 95 p. $1.40.

A brief, personal account of events experienced during the fall of France, by a British observer long resident in that country.

LES RELATIONS COMMERCIALES DE LA FRANCE. By Jean Gottman. New York: France Forever, 1942, 211 p. $1.25.

A cursory but authoritative review of the history of the foreign trade of France. The author, associated with the Institute for Advanced Study at Princeton, prepared this study as part of a series sponsored by the Fighting French Movement in America.

APPEASEMENT'S CHILD: THE FRANCO RÉGIME IN SPAIN. By Thomas J. Hamilton. New York: Knopf, 1943, 327 p. $3.00.

Here we have the veil lifted on events in Spain since the Civil War — events which Mr. Hamilton covered for the *New York Times*. He sheds a flood of light on the brutality and inefficiency of the Franco régime and on the desperate poverty of the Spanish people today. He makes plain that Franco is committed to a Nazi-Fascist victory and that in Latin America he is the deadly enemy of the United States. The account is well documented.

Eastern Europe

THE RUSSIANS: THE LAND, THE PEOPLE, AND WHY THEY FIGHT. By Albert Rhys Williams. New York: Harcourt, 1943, 248 p. $2.00.

Mr. Williams has followed the Soviet experiment longer and at closer range than most Americans who essay to write on modern Russia. Unfortunately, he sometimes lets his enthusiasm for the Soviets get the better of his critical judgment.

IN RUSSIA NOW. By Sir Walter Citrine. London: Hale, 1942, 154 p. 3/6.

The report of the leader of the British Trade Union delegation which visited Moscow in October 1941.

THE BEAR THAT WALKS LIKE A MAN. By Stanley J. Marks. Philadelphia: Dorrance, 1943, 339 p. $3.00.

An only moderately successful summary of recent diplomatic history and an analysis of the Soviet's military strength.

SOVIET LABOUR AND INDUSTRY. By Leonard E. Hubbard. New York: Macmillan, 1942, 314 p. $3.25.

This is a worthy sequel to the author's three other factual studies of various phases of Russia's economic life. Mr. Hubbard seeks to get the facts and to interpret them in relation to the historic conditions of Russia and to the objectives of the Soviet system.

THE SOVIET CAUCASUS. By David Tutaeff. London: Harrap, 1942, 208 p. 8/6.

A journalist's survey of the history, geography, economics and social problems of the

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Caucasus, together with some interesting material concerning Axis attempts to further a separatist movement in that region.

EUROPA SRODKOWO-WSCHODNIA W GOSPODARTWIE SWIATOWEM. By Henryk Tennenbaum. London: Kolin, 1942, 163 p. 7/6.

A Polish economist opposes predominant Russian influence in the buffer states of Eastern and Southeastern Europe, but without accepting as an alternative the necessity for regional federations or customs unions. His preference is for a continuation of the small nations, each with its own tariff system.

A HISTORY OF POLAND. By O. Halecki. New York: Roy, 1943, 336 p. $3.50.

A standard work by an outstanding Polish historian. The account comes down to 1941.

FEDERATION IN CENTRAL EUROPE. By Milan Hodža. London: Jarrolds, 1942, 236 p. 18/.

These "reflections and reminiscences" of the Slovak leader who was Prime Minister of Czechoslovakia from 1935 to 1938 will be found more than usually interesting. Hodža's political experience began in the old pre-1914 Hungarian parliament, and continued through the two decades of Czechoslovak independence. The central theme in this book is the author's search for a basis on which the smaller countries of Central Europe can federate.

BALKAN RACKET. By C. F. Melville. London: Jarrolds, 1942, 111 p. 2/6.

The author exposes Mussolini's connection with the assassination of King Alexander of Jugoslavia and condemns the British Government for not taking a bolder stand.

VENIZELOS: PATRIOT, STATESMAN, REVOLUTIONARY. By Doros Alastos. London: Lund, 1942, 304 p. 12/6.

A sympathetic portrait of the Greek leader.

The British Commonwealth of Nations

TESTAMENT TO DEMOCRACY. By Lord Wedgwood. London: Hutchinson, 1942, 168 p. 8/6.

A Labour Peer writes both in praise and in criticism of British political institutions. His concluding chapters reveal his ideas on the shape he wishes for the world to come.

BRITAIN IN THE WORLD FRONT. By R. Palme Dutt. New York: International Publishers, 1943, 284 p. $2.00.

A member of the Communist Party in England discusses the war, Nazism and Britain's proper rôle towards both of them.

SWEDEN SPEAKS. Edited by Gustaf Witting. New York: Norton (London: Allen and Unwin), 1942, 212 p. $2.75.

England and English institutions sympathetically explained by Swedish writers.

VESTED INTERESTS OR COMMON POOL? By Nicholas E. H. Davenport. London: Gollancz, 1942, 183 p. 8/6.

The author criticizes many aspects of Britain's war effort but has only limited advice to give for its improvement.

GIVE US THE TOOLS. By "Argonaut." London: Secker, 1942, 186 p. 6/.

An attack on the "economic Royalists" in Britain who, the author holds, still exercise control over the country's economic and social life.

DIPLOMATIC PETROL. By Sir Thomas Hohler. London: Murray, 1924, 246 p. 15/.

Though these memoirs contain no revelations, they throw numerous sidelights on important events that occurred during the author's career in the British diplomatic service in Turkey, Egypt, Russia, Abyssinia, Mexico and the United States.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

THE SWORD OF LIONHEART AND OTHER WARTIME SPEECHES. By the Right Honourable Vincent Massey. Boston: Humphries, 1942, 117 p. $2.50.

Recent speeches of the High Commissioner for Canada in the United Kingdom.

NOVA SCOTIA: THE LAND OF CO-OPERATION. By Leo R. Ward. New York: Sheed, 1942, 207 p. $2.50.

A description of the organization, operation and social effects of the coöperative movement in Nova Scotia, by a member of the Congregation of the Holy Cross.

MY APPEAL TO THE BRITISH. By Mahatma Gandhi. New York: Day, 1942, 79 p. $1.00.

The Mahatma's statements and writings for the period April to July 1942.

AUSTRALIAN NATIVE POLICY. By E. J. B. Foxcroft. Melbourne: Melbourne University Press, 1942, 168 p. 10/.

A review of past experience, with suggestions for future reforms.

The Near East

DEEDES BEY. By John Presland. London: Macmillan, 1942, 360 p. 16/.

Letters and diary from the pen of an Englishman closely identified with Near Eastern affairs for some 14 years, first as officer in the old Ottoman gendarmerie, then as intelligence officer with the British Army at Gallipoli, and later as an official in the Arab Bureau at Cairo and in Palestine during the early years of the Mandate.

THE RAINBOW ENDS. By Ashad G. Hawie. New York: Gaus, 1942, 165 p. $2.50.

Chapters from the history of Syria and of the Syrian community in the United States, by one of its leaders.

HAMIVNEH HAKALKALI SHEL HISTADRUT. By Gerhard Muenzer and Ernst Kahn. Jerusalem: Economic Research Institute of the Jewish Agency, 1942, 143 p.

An account of the growth of the powerful Jewish Federation of Labor in Palestine.

ARABIA AND THE ISLES. By Harold Ingrams. London: Murray, 1942, 354 p. 18/.

A British colonial official and diplomat with wide experience in Zanzibar and the Hadramaut records much that he has seen and heard in these little-known parts of the world. There are numerous excellent photographs.

Africa

CHRISTIAN ACTION IN AFRICA. New York: African Committee of the Foreign Missions Conference of North America, 1942, 200 p.

A report of a conference on African affairs held at Otterbein College in June 1942.

FIVE POINTS FOR AFRICA. By Margaret Wrong. London: Edinburgh House, 1942, 150 p. 2/6.

A discussion of economic and social conditions in Africa with particular attention to the principles approved by the leaders of the English Church.

PLAN FOR AFRICA. By Rita Hinden. New York: Norton (London: Allen and Unwin), 1942, 223 p. $2.50.

Using Northern Rhodesia and the Gold Coast as examples, Dr. Hinden analyzes the shortcomings of British colonial policy in Africa and makes a number of concrete proposals for reform. This report was prepared for the Colonial Bureau of the Fabian Society.

EUROPE AND ITALY'S ACQUISITION OF LIBYA 1911–1912. By William C. Askew. Durham: Duke University Press, 1942, 317 p. $3.50.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

A scholarly monograph on the diplomatic history of the Turco-Italian War based on a careful examination of the available documents.

LIGHTING UP LIBERIA. By Arthur I. Hayman and Harold Preece. New York: Creative Age Press, 1943, 279 p. $2.50.

An account of the miscarriage of the Liberian experiment and a warning of the resultant dangers.

BRITISH ENTERPRISE IN NIGERIA. By Arthur Norton Cook. Philadelphia: University of Pennsylvania Press, 1943, 339 p. $3.50.

A scholarly survey of an important phase of British colonial history in Africa. Economic and administrative problems are dealt with in addition to diplomatic questions.

Far East

PACIFIC CHARTER: OUR DESTINY IN ASIA. By Hallett Abend. Garden City: Doubleday, 1943, 302 p. $2.50.

A well-known American correspondent in the Orient recounts some of his experiences there and lays down certain rules which he feels must guide the peace settlement in the Far East. He urges that we should not treat Japan too leniently, only to have her come back even more devastatingly, as Germany did after 1919.

WHITE MAN'S FOLLY. By Vanya Oakes. Boston: Houghton, 1943, 415 p. $3.00.

An indictment of the ineptness of European and American policy in the Orient in the face of the Japanese danger during the last decade.

TOKYO RECORD. By Otto D. Tolischus. New York: Reynal, 1943, 462 p. $3.00.

Mr. Tolischus, *New York Times* correspondent in Japan during 1941, has recorded a wealth of personal impressions, experiences and interpretations dealing with Japanese policy. After Pearl Harbor the author was imprisoned and tortured in Tokyo.

FROM PERRY TO PEARL HARBOR: THE STRUGGLE FOR SUPREMACY IN THE PACIFIC. By Edwin A. Falk. Garden City: Doubleday, 1943, 362 p. $3.00.

This is the story of Japanese naval expansion and imperialist policy, told with emphasis on the deep roots of that policy in Japanese history and on the amorality with which it has always been furthered.

BEHIND THE JAPANESE MASK. By Jesse F. Steiner. New York: Macmillan, 1943, 159 p. $2.00.

A well-informed but somewhat academically written panorama of the history, customs and ideas of the Japanese people.

MODERN JAPAN AND SHINTO NATIONALISM. By D. C. Holtom. Chicago: University of Chicago Press, 1943, 178 p. $2.00.

A pioneer study of the degree to which Shinto, as well as the various religions professed in Japan (including Christianity), have been transformed into cults glorifying Japanese nationalism and imperialism.

RUSSIA, JAPAN AND MONGOLIA. By G. D. R. Phillips. Forest Hills: Transatlantic Arts, 1942, 104 p. $1.25.

A review of the internal history and international relations of Mongolia during the last 25 years. The author's point of view is pro-Soviet.

ALL WE ARE AND ALL WE HAVE. By Generalissimo Chiang Kai-shek. New York: Day, 1943, 61 p. $1.25.

In this little volume are collected the principal addresses, messages and writings of the Generalissimo since Pearl Harbor.

BANKING AND FINANCE IN CHINA. By Frank M. Tamagna. New York: Institute of Pacific Relations, 1942, 400 p. $4.00.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

This latest addition to the Institute's "Inquiry Series" contains a wealth of important factual and statistical material. The author approaches his subject historically, bringing it down to the present day.

KWANGSI: LAND OF THE BLACK BANNERS. By Joseph Cuenot. St. Louis: Herder, 1942, 279 p. $2.75.

An account of Catholic activities in southern China, where the author was a pioneer French missionary. There are three additional chapters by the American translator, the Rev. George F. Wiseman.

YEARS OF BLINDNESS. By H. G. Quaritch Wales. New York: Crowell, 1943, 332 p. $3.00.

Hard-hitting chapters on the rapidly changing relations of Europeans and Orientals in southern and eastern Asia, by one well acquainted with colonial methods in the East.

POSTMORTEM ON MALAYA. By Virginia Thompson. New York: Macmillan, 1943, 323 p. $3.00.

This solid volume, by the author of authoritative books on French Indo-China and Siam, is much more than just another account of the Singapore campaign, for it presents a documented critique of British imperialism in Malaya.

TOWARDS ECONOMIC DEMOCRACY IN THE NETHERLANDS INDIES. By G. H. C. Hart. New York: The Netherlands and Netherlands Indies Council of the Institute of Pacific Relations, 1942, 123 p. 50 cents.

An account of economic and political progress in Holland's East Indian Empire, by the Chairman of the Board for the Netherlands Indies, Surinam and Curaçao in the United States.

Latin America

LA DEFENSA CONTINENTAL. By Víctor Raúl Haya de la Torre. Buenos Aires: Ediciones Problemas de América, 1942, 234 p.

Interesting chapters on inter-American solidarity, by the head of the Aprista movement of Peru.

LATIN AMERICA: COUNTRYSIDES AND UNITED REGIONS. By Robert S. Platt. New York: Whittlesey, 1943, 564 p. $5.00.

The author, professor of geography at the University of Chicago, gives us the results of some two decades of research about, and in, all parts of Latin America. In addition to his more general surveys of the larger regions, he has included a number of case studies made on type areas, particularly rural.

REDISCOVERING SOUTH AMERICA. By Harry A. Franck. Philadelphia: Lippincott, 1943, 453 p. $5.00.

A readable travelogue by a discerning observer.

MEXICAN OIL: SYMBOL OF RECENT TRENDS IN INTERNATIONAL RELATIONS. By Harlow S. Person. New York: Harper, 1942, 83 p. $1.50.

A brief account of the Mexican oil problem, giving the story behind the final agreement between the United States and Mexico for indemnifying American owners of expropriated oil wells.

CHILE. By Erna Fergusson. New York: Knopf, 1943, 341 p. $3.50.

A discerning, sympathetic panorama of the country, its people and their problems.

DEMOCRATIZACIÓN AGRARIA. By Marcos Agustin Oliva. Buenos Aires: Editorial Ideas, 1942, 700 p.

Argentina's agrarian legislation and immigration policy considered in accordance with democratic standards.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

SOURCE MATERIAL

By Ruth Savord

I. DOCUMENTS

Documents may be procured from the following: *United States:* Gov't Printing Office, Superintendent of Documents, Washington, D. C. *Great Britain:* British Information Services, 30 Rockefeller Plaza, New York. *League of Nations, Perm. Court of Int. Justice, Int. Institute of Intellectual Coöperation:* Columbia University Press, Int. Documents Service, 2960 Broadway, New York. *Int. Labor Office:* 734 Jackson Pl., Washington, D. C. Washington imprints are Government Printing Office and London imprints are His Majesty's Stationary Office, unless otherwise noted.

Agriculture

Agricultural statistics, 1942. Washington, 1942. 840 p. 75¢.

Exchange of notes (April 24, May 20, and June 27, 1942) between the governments of Argentina, Australia, Canada, the United Kingdom and the United States of America, bringing into effect as from June 27, 1942, the memorandum of agreement initialled at the final session of the wheat meeting held at Washington, from July 19, 1941, to April 22, 1942. Ottawa, 1943. 20 p. (Treaty Series, 1942, No. 11.) 25¢.

Claims

Settlement of Mexican claims act of 1942. Conference report to accompany S. 2528. December 2, 1942. Washington, 1942. 9 p. (H. Rept. No. 2679.)

———. December 8, 1942. 19 p. (H. Rept. No. 2711.)

Commerce

Foreign commerce yearbook, 1939. Washington, 1942. 322 p. $1.00.

Reciprocal trade; agreement and supplemental exchanges of notes between the United States of America and Argentina. Effective definitively January 8, 1943. Washington, 1943. 85 p. (Executive Agreement Series 277.) 15¢.

Reciprocal trade; agreement and supplemental exchanges of notes between the United States of America and Peru . . . effective July 29, 1942. Washington, 1942. 37 p. (Executive Agreement Series 256.) 10¢.

Reciprocal trade; agreement and supplemental exchanges of notes between the United States of America and Uruguay, effective January 1, 1943. Washington, 1943. 65 p. (Executive Agreement Series 276.) 10¢.

Exchange Control

Documents pertaining to foreign funds control. Washington, Treasury Dept., 1943. 112 p.

Exterritoriality

Treaty between His Majesty in respect of the United Kingdom and India and His Excellency the President of the National Government of the Republic of China, for the relinquishment of extraterritorial rights in China and the regulation of related matters (with exchange of notes and agreed minute). Chungking, January 11, 1943. [The treaty has not yet been ratified by His Majesty.] London, 1943. 8 p. (China No. 1 (1943), Cmd. 6417.)

Germany

National socialism; basic principles, their application by the Nazi party's foreign organization, and the use of Germans abroad for Nazi aims. Washington, 1943. 510 p. (Department of State Publication 1864.) $1.00.

Official publications of present-day Germany; government, corporate organizations and National Socialist Party, with an outline of the governmental structure of Germany, by Otto Newburger. Washington, Library of Congress, 1942. 130 p. 20¢.

Labor

The international standardisation of labour statistics. Montreal, International Labour Office, 1943. 169 p. (Studies and Reports, Series N (Statistics) No. 25 (Revision of No. 19.)) $1.00.

Joint production committees in Great Britain. Montreal, International Labour Office, 1943. 74 p. (Studies and Reports, Series A (Industrial Relations) No. 42.) 50¢.

Year book of labour statistics. . . , 1942. Montreal, International Labour Office, 1943. 222 p. $2.00.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Latin America

Anuario del comercio exterior de la República Argentina correspondiente a 1941, y datos retrospectivos desde 1910 hasta 1941. Buenos Aires, Dirección General de Estadística de la Nación, 1942. 719 p.

El Comercio exterior Argentino en los primeros nueve meses de 1942, y su comparación con el del mismo periodo del año anterior. Buenos Aires, Dirección General de Estadística de la Nación, 1942. 69 p. (Informe No. 90. Serie C. No. 67. Comercio Exterior.)

The agriculture of Cuba, by P. G. Minneman. Washington, Department of Agriculture, 1942. 144 p. (Foreign Agriculture Bulletin No. 2.) 20¢.

Anuario Estadístico de la República Dominicana del año 1941. Santiago, Editorial el Diario, [1942] v.1.

Importación de la República Dominicana, año 1941; estadística comparativa entre los años de 1940 y 1941. Ciudad Trujillo, Dirección General de Estadística, 1942. 73 p.

Exportación de la República Dominicana, estadística comparativa entre los años 1940 y 1941. Ciudad Trujillo, Dirección General de Estadística, 1942. p. 323–444.

Commercial relations, agreement between the United States of America and the Dominican Republic, relating to waiver in respect of tariff preferences accorded Haiti by the Dominican Republic under a treaty of commerce between the Dominican Republic and Haiti signed August 26, 1941, as modified by an exchange of notes signed March 24, 1942. Effected by exchange of notes signed November 14, 1942. Washington, 1943. 4 p. (Executive Agreement Series 274.) 5¢.

Haitian finances, arrangement between the United States of America and Haiti, effected by exchange of notes signed at Washington September 17 and 21, 1942. Washington, 1943. 2 p. (Executive Agreement Series 290.) 5¢.

Authorizing the execution of certain obligations under the treaties of 1903 and 1936 with Panama. Hearings before the Committee on Foreign Affairs, House, 78th Cong., 1st Sess., on H. J. Res. 14. March 16, 1943. Washington, 1943. 12 p.

Peace, friendship, and boundaries between Peru and Ecuador; protocol between Peru and Ecuador (signed also by representatives of the United States of America, Argentina, Brazil, and Chile) . . . approved by the Congresses of Ecuador and Peru February 26, 1942. Washington, 1943. 7 p. (Executive Agreement Series 288.) 5¢.

Latin America — U. S. Coöperation

Agricultural experiment station in Ecuador, agreement between the United States of America and Ecuador, approving memorandum of understanding signed August 12, 1942, effected by exchange of notes signed October 20 and 29, 1942, effective August 12, 1942. Washington, 1943. 10 p. (Executive Agreement Series 284.) 5¢.

Agricultural experiment station in Nicaragua, agreement between the United States of America and Nicaragua approving memorandum of understanding signed July 15, 1942, effected by exchange of notes signed October 12 and 27, 1942, effective July 15, 1942. Washington, 1943. 5 p. (Executive Agreement Series 286.) 5¢.

Rehabilitation of certain Mexican national railways; agreement between the United States of America and Mexico, effected by exchange of notes signed at Mexico City November 18, 1942. Washington, 1943. 7 p. (Executive Agreement Series 289.) 5¢.

Temporary migration of Mexican agricultural workers, agreement between the United States of America and Mexico, effected by exchange of notes signed August 4, 1942. 13 p. (Executive Agreement Series 278.) 10¢.

Postwar Planning

International clearing union; text of a paper containing proposals by British experts for an international clearing union. New York, British Information Services, 1943. 23 p.

International economic development, public works and other problems, by Lewis L. Lorwin. Washington, 1942. 111 p. (National Resources Planning Board, Technical Paper No. 7.) 30¢.

Post-war economic settlements, exchange of notes between the United States of America and Canada, signed November 30, 1942. Washington, 1943. 3 p. (Executive Agreement Series 287.) 5¢.

Post-war planning activities of the federal government. Washington, Post-War Planning Information Section, Office of War Information, 1942. [36 p.]

Post-war planning in Britain; unofficial post-war planning, 1939-1943. New York, British Information Services, 1943. 80 p.

Toward new horizons. Washington, Office of War Information, [1943].

No. 2. Proposals for a free world. 19 p. *No. 3.* The peace for which we fight. 29 p.

Transportation and national policy, Washington, National Resources Planning Board, 1942. 513 p. (H. Doc. No. 883. 77th Cong., 2d Sess.) $1.25.

Second World War

Reports from the Select Committee on National Expenditure, session 1942–1943. 1st–3rd, 17th December, 1942. London, 1942. 3 pts. Pages and prices vary.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

———. Minutes of the proceedings, together with an index to the Reports, session 1941–1942. London, 1943. 32 p. 6d.

FRONT line; the official story of the civil defense of Britain, issued for the British Information Services, an agency of the British government. New York, Macmillan Company, 1943. 157 p. $1.50.

SECOND WORLD WAR — INTER-ALLIED COÖPERATION

EXTENSION of lend-lease act. Hearings before the Committee on Foreign Affairs, House, 78th Cong., 1st Sess., on [H. R. 1501. January 29, February 2–23, 1943.] Washington, 1943. 364 p.

———. Index of testimony. Washington, 1943. 9 p.

———. Hearings, Committee on Foreign Relations, Senate, on S. 813. March 1–2, 1943. Washington, 1943. 46 p.

PRINCIPLES governing the provision of reciprocal aid in the prosecution of the war; agreement between the United States of America and Fighting France, effected by exchange of notes, signed at London September 3, 1942. Washington, 1942. 3 p. (Executive Agreement Series 273.) 5¢.

DEFENSE areas, agreement between the United States of America and Liberia, signed at Monrovia March 31, 1942. Washington, 1943. 4 p. (Executive Agreement Series 275.) 5¢.

SECOND WORLD WAR — OCCUPIED TERRITORIES

CONDITIONS in occupied territories. New York, United Nations Information Office, 1942.
5. The Penetration of German capital into Europe. 32 p.

THE MASS extermination of Jews in German occupied Poland; note addressed to the governments of the United Nations on December 10th, 1942, and other documents. Published on behalf of the Polish Ministry of Foreign Affairs. London, Hutchinson & Co., 1942. 16 p. 3d.

TALE of a city. Washington, Office of War Information, 1942. 22 p.

SECOND WORLD WAR — U. S.

SECOND supplemental national defense appropriation bill for 1943. Hearings before Subcommittee of the Committee on Appropriations, House, 77th Cong., 2d Sess. Washington, 1943. 538 p.

———. Hearings before a Subcommittee of the Committee on Appropriations, Senate, . . . on H. R. 7672. Washington, 1942. 142 p.

SUPPLEMENTAL naval appropriation bill, fiscal year 1943. Report of the Committee on Appropriations to accompany H. R. 2068. Washington, 1943. 15 p. (H. Rept. No. 202.)

INVESTIGATION of the national defense program. Additional report of the Special Committee Investigating the National Defense Program, Senate, 77th Cong., 2d Sess., pursuant to S. Res. 71. Washington, 1942. (S. Rept. No. 480, pts. 11, 12, 13.)

PATENTS. Hearings before the Committee on Patents, Senate, 77th Cong., 2d Sess., on S. 2303 and S. 2491, July 31–August 21, 1942. Washington, 1942. Pts. 7, 8, 9.

EXTENDING for one year the provisions of an act to promote the defense of the United States, approved March 11, 1941. Report of the Committee on Foreign Affairs, to accompany H. R. 1501. Washington, 1943. 15 p. (H. Rept. No. 188.)

———. Act. Approved March 11, 1943. Washington, 1943. 1 p. (Public Law 9, 78th Cong. — H. R. 1501.)

NATIONAL defense migration. Hearings before the Select Committee [Tolan] House, 77th Cong., 2d Sess., pursuant to H. Res. 113. Washington, 1942. Pt. 34. 35¢.

———. Final report. Washington, 1943. 24 p. (H. Rept. No. 3.)

TO INCREASE the borrowing authority of the Reconstruction Finance Corporation. Hearings before the Committee on Banking and Currency, Senate, 77th Cong., 2d Sess., on S. 2900. December 2 and 8, 1942. Washington, 1942. 98 p.

REPORT of the Reconstruction Finance Corporation, February 2, 1932, to June 30, 1942, inclusive. Washington, 1942. 23 p.

ACTIVITIES of the Reconstruction Finance Corporation and its subsidiaries in connection with the war up to October 31, 1942. Letter from the Secretary of Commerce. Washington, 1942. 27 p. (H. Doc. No. 905, 77th Cong., 2d Sess.)

TO AUTHORIZE the use for war purposes of silver held or owned by the United States. Hearing before a Subcommittee of the Committee on Banking and Currency, Senate, 77th Cong., 2d Sess., on S. 2768. October 14, 1942, and December 1, 1942. Washington, 1942. 2 pts.

SUSPENSION of tariff and immigration laws (free movement of persons, property, and information). Hearings before the Committee on Ways and Means, House, 77th Cong., 2d Sess., on H. R. 7762. Revised, November 18, 1942. Washington, 1942. 65 p.

YOU and the war. Washington, Office of Civilian Defense, 1942. 29 p.

THE FOOD front, a series of eleven lectures. Washington, Office of Defense Health and Welfare Services, 1942. 52 p.

DOMESTIC stability, national defense, and prosecution of World War II; legislative and executive background, 1933–1942. Washington, 1942. 29 p. (S. Doc. No. 285, 77th Cong., 2d Sess.) 5¢.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

BATTLE stations for all, the story of the fight to control living costs. Washington, Office of War Information, 1943. 128 p.

CODE of wartime practices for the American press. Washington, Office of Censorship, 1943. 16 p.

SHIPPING

CERTAIN problems of marine transportation and litigation; agreement between the United States of America and the United Kingdom of Great Britain and Northern Ireland, signed at London December 4, 1942, and exchange of notes. Washington, 1943. 5 p. (Executive Agreement Series 282.) 5¢.

TO AMEND and clarify certain provisions of law relating to functions of the War Shipping Administration, and for other purposes. [Approved March 24, 1943.] Washington, 1943. 8 p. (Public Law 17, 78th Cong. — H. R. 133.)

STRATEGIC AND CRITICAL MATERIALS

PROCUREMENT of raw natural rubber, etc. Hearings before the Committee on Coinage, Weights, and Measures, House, 77th Cong., 2d Sess., pursuant to H. J. Res. 295. May and June, 1942. Washington, 1942. 280 p. 30¢.

UNITED STATES

PAPERS relating to the foreign relations of the United States, 1919: the Paris Peace Conference. Washington, 1942. 2v. (Department of State Publication 1815, 1823.) $1.25, $1.50.

PAPERS relating to the foreign relations of the United States, 1928. Washington, 1942–1943. 3v. (Department of State Publications 1839, 1840, 1841.) $2.25, $2.00, $2.00.

SIXTEENTH census of the United States: 1940. Population, vol. 1; number of inhabitants. Washington, 1942. 1236 p. $2.50.

TREATIES and other international acts of the United States of America, edited by Hunter Miller. Volume 7, documents 173–200: 1855–1858. Washington, 1942. 1170 p. $4.00.

II. PAMPHLETS

AMERICA LOOKS AHEAD. Boston, World Peace Foundation, 1942.
7. Eastern Europe and the United States, by Josef Hanč. 95 p. 50¢.

BACKGROUND REPORTS, edited by Joachim Joesten. New York, 1943. $2.00 each. Mimeographed.
9. Finland's road to disaster, by Joachim Joesten. 15 p.

BEHIND THE HEADLINES. Toronto, Published jointly by the Canadian Institute of International Affairs and the Canadian Association for Adult Education, 1943. 10¢ each.
Vol. 3, 2. Family allowances for Canada? By D. H. Stepler. 32 p. *3.* Canada — crossroads of the airways. 24 p.

BRITISH EXPORT AND ECONOMIC RECONSTRUCTION, an interim report prepared by the Research Committee of the Institute of Export, consisting of an inquiry into the principles which should underlie the conduct of harmonious international trade. London, Institute of Export, n. d. 15 p.

BRITISH LABOR ON RECONSTRUCTION IN WAR AND PEACE, interim report of the National Executive Committee of the British Labor Party, approved by the Party Conference under the title "The Old World and the New Society." New York, League for Industrial Democracy, 1943. 40 p. (L. I. D. Pamphlet Series.) 15¢.

CANADIAN-AMERICAN INSTITUTE. New York, Foreign Policy Association, 1943.
Round table 1. Defense problems. *2.* Wartime economic relations. *3.* Economic problems of postwar reconstruction. *4.* Social and political problems of postwar reconstruction. *5.* Alaska: North American outpost.

THE CENTRAL AND EASTERN EUROPEAN PLANNING BOARD. Pamphlet Series. New York, "New Europe," 1943. 10¢ each.
1. A proposal for the reconstruction of the educational system in postwar central and eastern Europe, by Vojta Benes. 28 p. *2.* Democratic ideas in postwar education in central and eastern Europe (sociological survey), by J. B. Kozak. 18 p. *3.* The decline of European culture and its reconstruction, by Feliks Gross. 8 p. *4.* Wanted: an approach to the postwar problem, by Louis Adamic. 12 p. *5.* Legitimacy and education, by Boris Furlan; the pattern of education in central and eastern Europe, by Otakar Odlozilk. 10 p. *7.* Intellectual coöperation in the postwar world, by Oskar Halecki. 14 p.

CHANGING CHINA, by George E. Taylor, edited by Maxwell S. Stewart. A coöperative project between American Council, Institute of Pacific Relations and Webster Publishing Company. St. Louis, Webster Publishing Co., 1942. 94 p.

CONTEMPORARY AFFAIRS. Toronto, Ryerson Press, 1942–1943.
16. Canada's role in geopolitics; a study in situation and status, by Griffith Taylor. 28 p. 30¢.
17. Are empires doomed? Imperialism and the people's war, by Lionel Gelber. 32 p. 40¢.

COERCION: a study in the use of force. Philadelphia, Pacifist Research Bureau, 1943.
Series II, *2.* Balance of power, by Edward V. Gulick. 59 p. 25¢. *3.* Coercion of states: in federal unions, by Harrop Freeman and Theodore Paullin. 68 p. 25¢.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

THE CORE OF A CONTINENT, problems of Central and Eastern Europe, by Henryk Strasburger. Philadelphia, American Academy of Political and Social Science, 1943. 49 p. (James-Patten-Rowe Pamphlet Series No. 13.)

THE COTTON TEXTILE INDUSTRY IN LATIN AMERICA, by A. L. Scott, F. S. Blanchard, and Julian Jacobs. New York, Latin American Economic Instit., 1942. 31 p. (Pamphlet Series No. 6.) 50¢.

DEMOCRATIC TRENDS IN THE EDUCATION OF CZECHOSLOVAKIA, GREECE, JUGOSLAVIA, POLAND. New York, The Central and Eastern European Planning Board, 1943. 31 p. (Documents and Reports, No. 7.)

DISARMAMENT IN THE POST WAR WORLD, by Oswald Garrison Villard. New York, Post War World Council, 1942. 18 p. 10¢.

ECONOMIC QUESTIONS OF INTEREST TO THE AMERICAS: resolutions of the first plenary meeting of the Permanent Council of American Associations of Commerce and Production. Washington, United States Committee to the Permanent Council of American Associations of Commerce and Production, n. d. 37 p.

EDITORIAL RESEARCH REPORTS. Washington, Editorial Research Reports, 1943.
Vol. I, *7*. Treason, by Harold Kellock, p. 112–126. *9*. Soviet Russia and the border states, by Harold Kellock. p. 147–160. *11*. War guilt trials, by Harold Kellock. 192 p.

FACT AND FANCY IN THE T. N. E. C. MONOGRAPHS; reviews of the 43 monographs issued by the Temporary National Economic Committee, compiled by John Scoville and Noel Sargent. New York, National Association of Manufacturers, 1942. 812 p.

FAR EASTERN PAMPHLETS. New York, American Council, Institute of Pacific Relations, 1942. 15¢ each.
8. Alaska comes of age, by Julius C. Edelstein. 62 p.

FIGHTING FRANCE. London, Oxford University Press, 1942. 6d. each.
1. The Nazification of Vichy France, by Pierre Tissier. 40 p. *2*. French public opinion since the armistice, by Georges Boris. 23 p. *3*. Free French Africa, by André Laguerre. 38 p.

HEADLINE BOOKS. New York, Foreign Policy Association, 1943. 25¢ each.
38. America's battlefronts, where our fighting forces are, by Frederick Gruin. 96 p. *39*. East and west of Suez, the story of the modern Near East, by John S. Badeau. 94 p.

JOBS — FREEDOM — OPPORTUNITY, in the postwar years. New York, Postwar Committee, National Association of Manufacturers, 1943. 47 p.

JUGOSLAV POSTWAR RECONSTRUCTION PAPERS. New York, Office of Reconstruction and Economic Affairs, Government of Jugoslavia, 1942.
Vol. I, *1*. Basic premises of postwar reconstruction, by Nicholas Mirkovich. 6 p. *2*. Inaugural meeting of the Economic Committee of the Central and Eastern European Planning Board. 29 p. *3*. Agricultural over-population, by Rudolf Bichanich. 11 p. *4*. East European nations at the International Labor Conference, 1941 — New York. 17 p. *5*. Population development in Jugoslavia, by Nicholas Mirkovich. 14 p. *6*. Agricultural reconstruction in Jugoslavia, by Branko Cubrilovich. 5 p. *7*. The Jugoslav merchant marine, by Vladimir Ivanovic. 8 p. *8*. Forest resources and lumber industries of Jugoslavia. 21 p. *9*. Mineral resources of Jugoslavia and postwar reconstruction, by Milorad Milovanovich. 17 p. *10*. Participation of the Jugoslav state in domestic industries, by Leo Pretner. 11 p.

"A JUST AND DURABLE PEACE"; statement of political propositions which underlie a just and durable peace and which the United States ought now to accept for itself and begin forthwith to realize in coöperation with others. Formulated by the Commission to Study the Bases of a Just and Durable Peace. New York, Commission, 1943. 11 p.

LABOR POLICY AND THE BUSINESS CYCLE, by Sidney C. Sufrin. Washington, American Council on Public Affairs, 1943. 52 p. $1.00.

LAND OF THE SOVIETS, by Marguerite Ann Stewart, edited by Maxwell S. Stewart. A coöperative project between American Council, Institute of Pacific Relations and Webster Publishing Company. St. Louis, Webster Publishing Co., 1942. 94 p.

MINUTES OF THE INTER-AMERICAN JURIDICAL COMMITTEE, July 17 to November 6, 1942. Vol. II. (Sessions 11 to 19.) Washington, Pan American Union, 1943. 104 p.

MODERN JAPAN, by William Henry Chamberlin, edited by Maxwell S. Stewart. A coöperative project between American Council, Institute of Pacific Relations and Webster Publishing Company. St. Louis, Webster Publishing Co., 1942. 93 p.

NATIONAL POLICY MEMORANDA. Washington, National Policy Committee, 1943.
20. The Beveridge report. 20 p. *21*. Manpower. 20 p. *22*. Toward a bipartisan American foreign policy. 24 p.

NATIONAL POLICY PAPERS. Washington, National Policy Committee, 1943.
6. Hemispheric policy, by Gideon Seymour and others. 51 p. *7*. Underground Easter. 28 p.

NATIONAL POLICY REPORTS. Washington, National Policy Committee, 1943.
10. Hansen's approach to postwar economics. April 11, 1942. Prerequisites to world peace, December 12, 1942. Report of two sessions of the Cleveland Policy Committee. 24 p.

"NEVER AGAIN!" by Arthur Greenwood. London, Labour Publications Dept., Labour Party, 1943. 11 p. 1d.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

OCCASIONAL PAPERS. New York, National Bureau of Economic Research, 1943.
8. The banking system and war finance, by Charles R. Whittlesey. 53 p. *9.* Wartime 'Prosperity' and the future, by Wesley C. Mitchell. 40 p.

OUR WAR ECONOMY, government — production — finance, by Emanuel Stein, J. D. Magee, W. J. Ronan. New York, Farrar & Rinehart, 1943. 182 p. $1.00.

PATHWAYS TO RECONSTRUCTION. Perth, Western Australia, Organization for Reconstruction, 1942.
1. Basic income for social security, by R. G. Lloyd Thomas. 43 p. 1s.

PEACE AIMS PAMPHLETS. London, National Peace Council [1942.]
15. The foundation of economic reconstruction [by] Professor John Macmurray. 11 p. 4d. *16.* The economic basis of peace. 60 p. 1/3.

PEOPLES OF THE CHINA SEAS, by Elizabeth Allerton Clark, edited by Maxwell S. Stewart. A coöperative project between American Council, Institute of Pacific Relations and Webster Publishing Company. St. Louis, Webster Publishing Company, 1942. 94 p.

PLANNING PAMPHLETS. Washington, National Planning Association, 1942 25¢ each.
17. Relief for Europe. 59 p.

THE POLITICAL ECONOMY OF TOTAL WAR; syllabus for two courses of study . . . including an essay on geopolitics. Washington, School of Foreign Service, Georgetown Univ., 1942. 128 p.

POST-WAR CITY PLANNING, by Guy Greer. New York, American Institute of Consulting Engineers, 1942. 42 p.

POSTWAR EUROPEAN FEDERATION, contributions of the Research seminar for postwar European federation, Graduate school of arts and science, New York University, under the direction of Richard N. Coudenhove-Kalergi. New York, New York University, 1943. 138 p.

POST-WAR PLANNING, by H. M. Waite and Problems of the post-war world, by Alvin H. Hansen. New York, American Institute of Consulting Engineers, 1942. 52 p.

POST-WAR READJUSTMENTS. Washington, Chamber of Commerce of the United States, 1943.
1. Why plan for the post-war period? By E. P. Schmidt. 13 p.

POST-WAR TRADE AGREEMENTS, by Raymond Streat. Manchester, Manchester Statistical Society, 1942. 38 p.

PRELIMINARY RECOMMENDATION ON POST WAR PROBLEMS. Formulated by the Inter-American Juridical Committee and submitted to the Governments of the American Republics by the Governing Board of the Pan American Union. Washington, Pan American Union, 1942. 22 p.

PROBLEMS OF ECONOMIC REORGANIZATION, by J. B. Condliffe. New York, Commission to Study the Organization of Peace, 1943. 44 p. 5¢.

PUBLIC POLICY PAMPHLET. Chicago, University of Chicago Press, 1943. 25¢.
37. Economic policy and democracy, by Michael A. Heilperin. 40 p.

RADIO TODAY, the present state of broadcasting, by Arno Huth. Geneva, Geneva Research Centre, 1942. 160 p. (Geneva Studies, Vol. XII, No. 6.)

RECONSTRUCTION STUDIES. No. 1- . New York, Foreign Trade Reconstruction Committee of the National Foreign Trade Council, Inc., 1942.

RESETTLEMENT, an aid to durable peace, by A. J. Bruman. New York, Refugee Economic Corporation, 1943. 39 p.

SOME LEGAL ASPECTS OF THE FINANCING OF INTERNATIONAL INSTITUTIONS, by C. Wilfred Jenks. London, Grotius Society, 1942. p. 87-132.

STARVATION OVER EUROPE (made in Germany), a documented record, 1943. New York, Institute of Jewish Affairs of the American Jewish Congress and World Jewish Congress, 1943. 109 p. (Jewish Affairs Publication Series, Nos. 14-20.)

TECHNOLOGY AND THE ECONOMICS OF TOTAL WAR, by Lyman Chalkley. Washington, American Council on Public Affairs, 1943. 24 p.

THE UNITED STATES AND THE FAR EAST: certain fundamentals of policy, by Stanley K. Hornbeck. Boston, World Peace Foundation, 1942. 100 p. $1.00.

THE UNITED NATIONS AND THE ORGANIZATION OF PEACE. Third report, Commission to Study the Organization of Peace. New York, 1943. 36 p.

VICTORY AND PEACE, statement issued by the archbishops and bishops of the United States, November 14, 1942. Washington, National Catholic Welfare Conference, 1943. 19 p.

WAR BACKGROUND STUDIES. Washington, Smithsonian Institution, 1942-43.
2. The Evolution of nations, by J. R. Swanton. 23 p. *3.* The peoples of the Soviet Union, by Aleš Hrdlička. 29 p. *4.* Peoples of the Philippines, by H. W. Krieger. 86 p. *6.* Polynesian explorers of the Pacific, by J. E. Weckler, Jr. 77 p. *7.* The Japanese, by John F. Embree. 42 p. *8.* Siam — land of free men, by H. G. Deignan. 18 p. *9.* The native peoples of New Guinea, by M. W. Stirling. 25 p. *11.* Egypt and the Suez Canal, by Frank H. H. Roberts, Jr. 68 p.

WAR INFORMATION AND CENSORSHIP, by Elmer Davis and Byron Price. Washington, American Council on Public Affairs [1943]. 79 p. $1.00.

WE CHINESE WOMEN; speeches and writings during the first United Nations year, by Mayling Soong Chiang (Madame Chiang Kai-shek), February 12, 1942–November 16, 1942. New York. Chinese News Service [1943]. 55 p.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

FOREIGN AFFAIRS

AN AMERICAN QVARTERLY REVIEW

INDEX

VOLUME 21

Nos. 1-4

October 1942 - July 1943

FOREIGN AFFAIRS
45 EAST 65TH STREET
New York

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

INDEX TO VOLUME 21

NO. 1–OCTOBER 1942

Sovereignty and Peace . . . . . *Ezequiel Padilla* 1
Unified Command: Lessons from the Past . *George Fielding Eliot* 11
Is Germany Exhausting Her Man Power? . . . . . *Karl Brandt* 21
Education for Conquest: The Japanese Way . . *C. Burnell Olds* 34
In Defeated France:
The Forces of Collaboration . . . . . *Louis R. Franck* 44
The Spirit of Resistance . . . . . *Victor Vinde* 59
The Pacific After the War . . . . . *S. R. Chow* 71
The Democratic Future of the Netherlands Indies
Eelco N. van Kleffens 87
Prelude to World War. A Witness from Spain . *John T. Whitaker* 103
Oswald Spengler, Twenty-Five Years After . . *Hans W. Weigert* 120
Nationalism and Regionalism in South America *John C. Campbell* 132
The Anglo-Portuguese Alliance Today . . . . *Robert G. Caldwell* 149
The ILO: Present Functions and Future Tasks . . *Karl Pribram* 158
The Nazis in Alsace and Lorraine . . . . . *Maurice P. Zuber* 168
Recent Books on International Relations . . . . . *Robert Gale Woolbert* 174
Source Material . . . . . *Ruth Savord* 190

NO. 2–JANUARY 1943

America at War: The First Year . . . . . *Hanson W. Baldwin* 197
Postwar Problems of Refugees . . . . . *Sir Herbert Emerson* 211
Germany's Vulnerable Spot: Transportation . . . . *Karl Brandt* 221
Toward Peace in Palestine . . . . . *Judah L. Magnes* 239
Britain and America: Allies for Peace? . . . . . *Barbara Ward* 250
The Protestant Churches in Europe . . . . . *Karl Barth* 260
Fashions in Space . . . . . *Sigmund Neumann* 276
Quezon of the Philippines . . . . . *Sergio Osmeña* 289
Controlling Trade After the War . . . . . *Percy W. Bidwell* 297
Hispanidad in South America . . . . . *William B. Bristol* 312
Unity of Policy Among Allies
Major-General Sir Frederick Maurice 322
Hitler's Fiasco in the Ukraine . . . . . *Joachim Joesten* 331
Denmark Under the Nazi Heel . . . . . *Gunnar Leistikow* 340
Latin American Oil in War and Peace . . *Frederick Haussmann* 354
Recent Books on International Relations . . . . . *Robert Gale Woolbert* 362
Source Material . . . . . *Ruth Savord* 378

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

NO. 3–APRIL 1943

The Submarine War . . . . . *George Fielding Eliot* 385
India in the Modern World . . . . . *Lord Hailey* 401
Italy After Mussolini . . . . . *Luigi Sturzo* 412
Future Controls Over German Aviation . . . . *Edward Warner* 427
Britain's Air Effort . . . . . *Oliver Stewart* 440
Canada: Unity in Diversity . . . . . *Adélard Godbout* 452
On Our Economic Relations with Britain . . . . . *Herbert Feis* 462
Yunnan, Pivot of Southeast Asia . . . . . *Owen Lattimore* 476
Implications of Lend-Lease
Economic Problems in the Settlement . . . . *J. B. Condliffe* 494
Political Dangers in the Settlement . . . . *William Diebold, Jr.* 505
Our Island Hemisphere . . . . . *Waldo Frank* 513
Good Neighbors in the War, and After . . . . *Percy W. Bidwell* 524
Japan Harnesses Religion in the National Service *C. Burnell Olds* 535
Lenin in Zurich: A Memoir . . . . . *Valeriu Marcu* 548
Tension in the French West Indies . . *Jean Cazenave de la Roche* 560
Postscript to the Sixtus Affair . . . . . *William de Hevesy* 566
The Princes and India's Future . . . . . *K. M. Panikkar* 571
Recent Books on International Relations . . . . . *Robert Gale Woolbert* 574
Source Material . . . . . *Ruth Savord* 590

NO. 4–JULY 1943

The Round World and the Winning of the Peace
Sir Halford J. Mackinder 595
America at War: December 1942–May 1943 . *Hanson W. Baldwin* 606
Young Britain . . . . . *Barbara Ward* 618
Religion in Russia . . . . . *Sir Bernard Pares* 635
Economic Problems of the Peace
Currency Stabilization: The Keynes and White Plans
John H. Williams 645
German Reparations Once More . . . . . *Jacob Viner* 659
Foreign Trade and Postwar Stability . . . *Sumner H. Slichter* 674
New China's Demands . . . . . *T. S. Chien* 690
Problems of Invasion and Occupation . . . . . *Karl Brandt* 699
A Merchant Marine Second to None? . . . *William Diebold, Jr.* 711
The Realities in Africa . . . . . *W. E. Burghardt Du Bois* 721
Responsibilities in India . . . . . *H. V. Hodson* 733
From Poor Law to Beveridge Report . . . . . *A. D. K. Owen* 743
Recent Books on International Relations . . . . . *Robert Gale Woolbert* 756
Source Material . . . . . *Ruth Savord* 771

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED